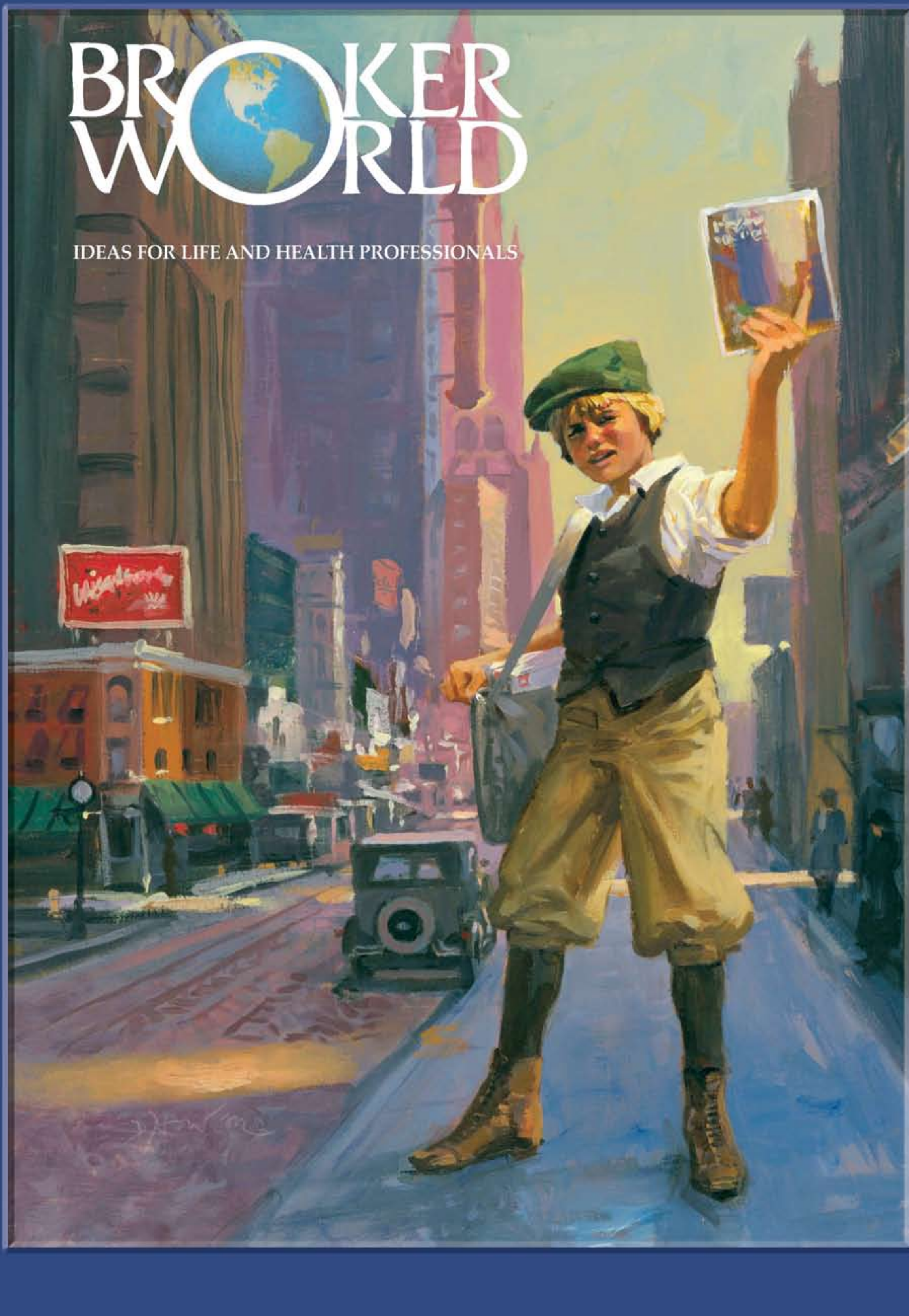
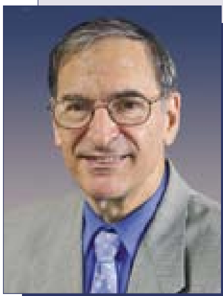
2012

Long Term Care Survey



BROKER WORLD

2012 Long Term Care Insurance Survey



CLAUDE THAU

FSA, MAAA, is president of Thau, Inc. He can be reached by telephone at 913-403-5824. Fax: 913-384-3781. Email: ***cthau@targetins.com****.*

DAWN HELWIG

FSA, MAAA, is a principal and consulting actuary in the Chicago office of Milliman, Inc. She can be reached at Milliman, Inc., 71 South Wacker Drive, 31st Floor, Chicago, IL 60606. Telephone: 312-499-5578. Email: ***dawn.helwig@milliman.com****.*

ALLEN SCHMITZ

FSA, MAAA, is a principal and consulting actuary in the Milwaukee office of Milliman, Inc. He can be reached at 15800 Bluemound Road, Suite 400, Brookfield, WI 53005. Telephone: 262-796 3477. Email: ***allen.schmitz@milliman.com****.*

The 2012 Long Term Care Insurance Survey is the 14th consecutive annual review of long term care insurance (LTCI) published by BROKER WORLD magazine. The survey compares products, reports sales distributions and analyzes the changing marketplace.

Unless otherwise indicated, references are solely to the U.S. stand-alone LTCI market and exclude the exercise of future purchase options or other changes to existing coverage. Stand-alone *refers to LTCI policies that* do not *include death, annuity or disability income benefits (other than returning premiums upon death or waiving a surviving spouse's premiums). The data includes* multi-life groups, *which are certificates or individual policies sold with discounts and/or underwriting concessions, but not guaranteed issue, to groups of people based on common employment or affinity relationships. Except where* true group *is specifically mentioned, comments and data* do not *include sales of certificates to groups on a guaranteed issue basis. Note: Comparisons of worksite sales characteristics to overall sales characteristics will be discussed in the August issue of BROKER WORLD magazine.*

Highlights from This Year's Survey

- **Sales**

✔ The 14 carriers that contributed statistical data to this survey sold 195,288 policies for $453,530,347 of new annualized premium in 2011 (plus $5.5 million from 123 single premium policies), 1.3 percent more policies for 7.1 percent more annualized premium in 2011 than in 2010, not counting single premium cases.

✔ We estimate that the entire stand-alone LTCI industry sold 231,100 policies (2.9 percent *fewer* than in 2010) for $537.3 million of annualized premium (1.4 percent *more* than in 2010).

✔ Genworth, Prudential and Unum collectively sold true group LTCI to 120,920 *new** insureds, resulting in $64,979,000 of *new* annualized premium, not including exercised future purchase options or other additions to in-force certificates. Unum's discontinuation of group LTCI sales to new cases should cause 2012 average premium per certificate to be much higher than 2011 ($537 per certificate). Because of its many core/buy-up programs, Unum sold 3.6 times as many certificates as Genworth and Prudential combined, but only 20 percent more premium.

**Note:* True group sales figures include transfers of cases issued by other insurers in the past. Hence the amount of sales can change markedly from year to year, and reported new sales may greatly exceed the number of new insureds for the industry.

- **Market Consolidation**

We are aware of only 20 insurers currently selling individual LTCI and only two insurers in the true group guarantee issue market. Among current carriers, market share is shifting tremendously.

- **Claims**

✔ Twelve participant companies reported individual (including multi-life) claims for 2011 and five reported true group claims. Total claim payments by these carriers rose to $2,653,456,000 for 2011, 13 percent over apples-to-apples 2011 figures, whereas their total in-force premium rose only 7 percent, demonstrating the "tip of the iceberg" nature of LTCI claims. Those companies have paid $18,591,242,000 in claims paid since inception, an 18 percent increase over what they had paid through 2010.

✔ The LTCI industry has made a much bigger difference than the above numbers indicate because a lot of claims are paid by insurers who no longer sell LTCI. *According to the NAIC's report for 2010 (the most recent report available when this was written), the industry incurred more than $6 billion in claims, boosting the industry to more than $55 billion of claims incurred since inception.*

About the Survey

This article is arranged in the following sections:

- **Highlights** (beginning on page 2) provide a high-level view of results.
- **Market Perspective** (on this page) provides insights into the LTCI market.
- **Claims** (on page 4) presents industry level claims data.
- **Sales Statistical Analysis** (on page 6) presents industry level sales distributions reflecting data from 14 insurers, representing 93.1 percent of 2011 sales of carriers currently selling LTCI. In addition to the 13 participants whose products are displayed, Northwestern contributed data. Only one carrier, that sold at least $4 million in 2011 and is currently selling LTCI, did not contribute to this data. Seven other insurers (some that no longer sell LTCI) contributed to the estimate of total 2011 individual LTCI sales. We estimate that those 21 insurers produced 99.8 percent of the 2011 market. Three true group insurers (Genworth, Prudential and Unum) contributed to our estimate of true group sales in 2011.
- **Multi-Life Programs** (on page 9) provides information about sales sponsored by employers and affinity groups. More information about worksite sales will appear in the August issue of *Broker World* magazine.
- **Partnership Programs** (on page 9) discusses the impact of the state partnerships for LTC.
- **Product Details** (on page 11) provides a row-by-row definition of the product exhibit. There are 24 products displayed, including 4 products that were not displayed in 2011. Several others have changed premiums, design options and/or multi-life parameters since 2011.
- **Premium Rate Details** (on page 28) explains the basis for the product-specific premium rate exhibit.

Market Perspective

- **When last year's report was published, the specter of increased government competition hung over the LTCI industry.** However, the government has since conceded that the CLASS Act was unworkable.

With increased pressure for fiscal solvency, we may eventually see Medicaid reform that could spur LTCI sales by encouraging more people to take personal responsibility for their prospective long term care needs. However, expectations change very slowly and it is unclear what percentage of the population is willing to prepare financially for an undesirable circumstance which may not occur and which, if it does occur, frequently occurs beyond age 80.

- **The market consolidated significantly.** CUNA Mutual discontinued sales late in 2010 (which we did not report last year). American Fidelity, Assurity, CNA (group), Berkshire and the Wisconsin Education Association discontinued sales in 2011. In early 2012 sales were discontinued by Prudential (individual only, continuing in group) and Unum (group only, had previously discontinued individual).

What remains is 20 insurers in the individual LTCI market and two in the guarantee issue group market. (Prudential and Berkshire combined generated $50 million of new 2011 sales. Their market share will most likely shift to other carriers).

- **The top 10 insurers wrote 93.6 percent of the business in 2011, up from 88.1 percent in 2010.** Genworth wrote 38 percent of the individual LTCI premium sold in 2011. Genworth, Northwestern and John Hancock wrote 61 percent of the premium. Although there have been no new entrants since last year's report, we know three large carriers are considering entering the LTCI market.
- **In addition to fewer carriers, re-pricing continues to reshape the industry.** Premiums have been raised significantly since the beginning of 2011 by five of the carriers leading in sales for 2011 currently selling individual LTCI, and three of those companies have also discontinued previously offered features or have tightened provisions.
- **Multi-life business produced 21.7 percent of new annualized premium** (24.5

percent of policies), including Prudential and Northwestern, as well as the displayed participants. Worksite sales should increase in 2012 because cases that would have gone to Unum's true group plan will now most likely be multi-life sales with other insurers.

In 2011, insurers seemed to specialize more in either the individual, affinity or worksite markets. Look below and in the August issue of *Broker World* magazine for more analysis of the multi-life market.

• **The quality of underwriting has improved in both the individual and worksite markets.** In the individual market, more insurers use drug scripts and the Medical Inspection Bureau (MIB) (which identifies another insurer's adverse decision relative to an applicant), neither of which delays underwriting decisions. Insurers are also getting attending physician statements more frequently, even though that does delay underwriting.

In the worksite market, the leader in aggressive underwriting concessions dropped out of the market in 2010. Within six months, several major worksite carriers backed off aggressive concessions. In the future, underwriting results could be threatened if genetic testing and at-home cognitive screening increase and insurers are unable to access results known to applicants.

• **Existing policyholders are continuing to see large rate increases.** The industry was rocked this year by a 90 percent rate increase assessed on a major block of business. The good news is that the insurer wanted to reduce the risk of a series of rate increases, and sought only 23 percent on the next more recent block of business and 17 percent on the block that followed next. The recent lower increases demonstrate that the industry has substantially reduced the exposure of new purchasers to future rate increases. Indeed, a strong case can be made that insurers will see favorable deviations overall, in the future, relative to today's pricing assumptions.

• **A problem with investment income assumptions is on the horizon and requires attention.** When pricing non-participating LTCI, actuaries are currently required to guarantee their investment income assumptions. If interest rates rise substantially in the future, actuaries won't feel comfortable guaranteeing those interest rates prospectively, without perhaps expensive hedging strategies. Thus, non-participating LTCI would likely become very unattractive. Competing insurance and investment products do not guarantee the investment yield. To help people protect against long term care needs, regulatory action should be taken to permit non-participating LTCI to compete on a level playing field.

• **Claims regulations are likely to continue to increase.** Overall, the industry has done a good job of paying claims, as demonstrated by a 2010 study commissioned by the Federal government. Auditors concluded that insurers paid 3.3 percent more in claims than the auditors felt were justified under the terms of the contract. Naturally, some mistakes occur and some carriers have been severely criticized for claims denials. Slow processing has also been a problem at times. Unfortunately, the industry did not create methods to increase public confidence in claims adjudication, hence regulators felt obligated to mandate independent review (IR). Largely as a result of the interstate compact (which allows a one-stop filing to be approved for 36 jurisdictions), IR is required by 37 jurisdictions. However, few states have implemented the review panels that must be in place to make IR effective. IR will continue to mature in the coming years. Similarly, there will be more regulatory pressure for prompt claims handling.

• **Life/LTCI and annuity/LTCI products (referred to as hybrid, combination, linked or asset-based products) continue to become a larger factor in long term care planning, accounting for more than $1.5 billion in single premium sales in 2011.** These products are attractive because benefits are certain to be received; pricing has been more stable than for past stand-alone LTCI policies; and certificates of deposit have low yields. These products may supplement stand-alone LTCI. If interest rates rise sharply in the future, there may be an avalanche of 1035 tax-free exchanges to hybrid annuities.

Table 1
Dollar Amount of Paid LTCI Claims

	Individual		Group	
	2011	Since Inception	2011	Since Inception
Total	$2,544,015,571	$17,976,018,000	$109,440,042	$615,223,887
Nursing Home	43.1%	55.9%	80.6%	89.8%
Assisted Living Facilities	24.7	19.6	7.7	3.3
Home Care/Adult Day Care	32.2	24.5	11.7	6.9

Claims

Please note that a tremendous amount of LTCI claims are being paid by insurers that no longer sell LTCI and, hence, are not included in this survey. Their claims might differ significantly from the data reported because their policyholders might be more likely to have facility-only coverage, be older (thus less likely to still be married), have smaller policies, etc.

Twelve participants reported individual (including multi-life) claims for 2011, all of which had also contributed claims info in 2010. Five reported true group claims (only 4 had done so in 2010, so the year-to-year percentage increase removes the new participant's data).

Table 1 shows the dollar amount of paid LTCI claims. Twelve participants paid $2,653,456,000 in claims in 2011 (13 percent more than they paid in 2010) and have paid

$18,591,242,000 since inception. Group claims were 4.1 percent of the 2011 total and 3.3 percent since inception. Although group represented only 4.1 percent of survey participants' paid claims in 2011, according to the NAIC, group claims accounted for about 10.7 percent of the industry's total incurred claims in 2010.

Table 1 shows that the portion of claims dollars paid for home care and assisted living facilities (ALFs) is greater recently than it has been since inception. Claims will continue to shift away from nursing homes due to consumer preference for home care and ALFs; the growth of the home care and ALF industries, making such services more available; and new sales that are primarily comprehensive policies, covering home care, adult day care, ALFs and nursing homes (many older policies covered only nursing homes). Claims which could not be categorized by provider were ignored when determining the distribution by provider type.

Table 2 shows the number of LTCI claimants paid and distribution of those claims by venue. Table 3 shows the average claim paid since inception. *These tables may be less reliable than Table 1 for the following reasons.*

1. One insurer participant submitted number of claim payments as opposed to number of claims. We removed that insurer, as appropriate, to maintain consistency.

2. Eight participants counted a person who received payments for claims in more than one venue as two (or conceivably, three) claimants. Four participants avoided such over-counting of claimants. Their data indicated that such identification reduced the number of claimants since inception by 27 percent for individual and group claims combined (24, 26, 34 and 40 percent, respectively, for the four carriers). We have adjusted the number of reported claims to correct *(approximately)* for double counting.

3. Participants reported some claim payments that could not be split by venue (undifferentiated); thus such claims were ignored when determining the distribution of claimants by venue. Based on the data, the number of such claims was excluded when determining the average size individual claim but included when determining the average size group claim.

Note: There were more undifferentiated group claims than differentiated group claims, so it would have been foolish to ignore them. They also had an average size of 60 percent of the other group claims. But fewer than 20 percent of the individual claims were undifferentiated and they had an average size of only 6 percent of the other individual claims.

The dollars of claims are more weighted toward nursing homes than are the number of claims. That is because ALFs and home care typically cost less than nursing home care and because some policies (especially the older ones most likely to generate claims) have lower maximums for ALFs and home care than for nursing homes.

The average claims in Table 3 may look low for the following reasons:

1. A lot of very small claims drive down the average.

2. Older policies typically have lower maximum benefits and because these policies were sold to older people, they resulted in shorter claims. Thus, the average claim should increase over time. Issued benefit periods are now starting to decrease, but recent issues will not be significantly reflected in claims data for many years and shared care features will offset some of the impact of shorter benefit periods.

3. Any average which includes open claims understates the eventual average size. Thirty-two percent of the inception-to-date individual claims included 2011 payments as did 28 percent of the corresponding group claims. It appears that a significant percentage of the inception-to-date claims are still open.

4. Some people have claims in multiple venues. The data has been adjusted in an attempt to make the total average claim reflect the sum of the home care, ALF, plus nursing home claims by the same person. Venue-specific average claims, of course, do not consider this factor.

However, to the degree that policy maximums do not increase automatically and to the degree that people do not exercise future purchase options, claims *will* generally be low relative to the costs incurred by the client. It is desirable to sell policies with robust benefit increase provisions.

ALF claims have high averages in the

Table 2
Number of LTCI Claims Paid and Distribution by Venue

	Individual		Group	
Total Claims/Venue	**2011**	**Since Inception**	**2011**	**Since Inception**
Total	106,478	332,309	7,171	25,869
Nursing Home	40.8%	52.4%	72.4%	79.3%
Assisted Living Facilities	20.5	14.3	8.6	4.1
Home Care / Adult Day Care	38.7	33.3	19.0	16.6

Table 3
Average Claim Paid Since Inception

Type	**Individual***	**Group****
All Claims	$59,929	$31,806
Nursing Home	46,054	32,942
Assisted Living Facility	59,077	23,318
Home Care	31,754	12,139

**The average individual claim would drop to $53,921 if the assumption was that all undifferentiated claims (as to venue) were included in the denominator.*

***The average group claim would increase to $64,515 if the undifferentiated group (as to venue) were excluded from the denominator.*

individual market. Perhaps these claims are more recent and are from more recent policies, hence have higher costs and limits. Also, on average, ALF claims probably last longer because there were a lot of short nursing home claims. In addition, nursing home claims are less likely to be fully covered.

Statistical Analysis

The carriers whose products are displayed herein (and Northwestern) contributed to this statistical analysis. Some insurers were unable to contribute data in some areas. Sales characteristics vary significantly among insurers. Hence, year-to-year variations may reflect a change in participants or changes in market share, as well as industry trends.

- **Market Share**

As described earlier, market share has consolidated. Table 4 lists the top 10 carriers in terms of 2011 new premium. The top carrier had 38 percent market share, compared to 27 percent for the top carrier in 2010. The top ten carriers produced 93.6 percent, up from 88 percent. In 2012, consolidation appears to be increasing. It might not take $10 million in sales to be in the top 10 in 2012.

- **Characteristics of Policies Sold**

Average Premium. Ignoring single premium sales, participants' average premium per new policy increased 5.8 percent, from $2,195 in 2010 to $2,322 in 2011. The lowest average size premium among participants was $1,219, while the highest was $3,301. The average premium per new purchasing unit (i.e., one person or a couple) was $3,416. The average in-force policy premium for participants increased 4.2 percent, from $1,854 to $1,932.

Issue Age. The average issue age (58.1 in 2011) has fluctuated between 57.7 and 58.1 since 2006. Table 5 shows that the percentage of policies sold increased in 2011 for people ages 50-64, but decreased in all other age cells. The concentration between ages 55-64 is the highest ever.

Benefit Period. Table 6 shows the continued drop in lifetime benefit period (BP) sales, to 12.7 percent. In 2004, 33.2 percent of the sales were lifetime BP. In 2010, six carriers sold more lifetime benefit period than any other benefit period. In 2011, only 3 insurers did so.

Two-year and shorter benefit periods were less common in 2011, because a major issuer of short benefit periods ceased sales. One-year benefit periods should increase in the future because of the partnership programs.

The average length of fixed-benefit period policies increased from 4.16 to 4.32 years, which undervalues the coverage sold because of the following shared care

Table 4
Participant Ranking by Continuing Annualized LTCI Premium
(U.S. $ in Millions)

Rank	Carrier	2011 Individual Sales
1	Genworth	$206.5
2	Northwestern	68.1
3	John Hancock	51.8
4	Mutual of Omaha/ United of Omaha	45.3
5	Prudential	38.7
6	New York Life	27.9
7	MassMutual	20.4
8	Bankers Life & Casualty	16.9
9	Transamerica *(excluding single premium sales)*	14.4
10	State Farm	13.2

Table 5
Sales by Issue Age

Age Band	2011	2010	2009	2008	2007
18-29	1.0%	1.3%	1.1%	0.9%	0.8%
30-34	1.0	1.1	1.3	1.1	1.0
35-39	1.5	1.7	1.8	2.0	1.8
40-44	2.8	3.0	3.3	3.4	3.3
45-49	6.4	6.8	7.2	8.0	8.2
50-54	15.1	15.0	15.5	16.3	15.3
55-59	25.4	24.2	23.5	24.3	24.6
60-64	27.1	26.2	24.2	23.5	23.1
65-69	13.6	14.0	13.7	12.6	12.8
70-74	4.4	4.6	5.1	4.8	5.3
75-79	1.3	1.6	2.3	2.3	2.7
80-84	0.3	0.5	0.9	0.7	1.0
> 84	0.1	0.1	0.1	0.1	

Table 6
Sales By Benefit Period (BP)

Benefit Period	2011	2010	2009	2008	2007	2006
Less Than 2 Years	1.6%	4.1%	3.0%	3.6%	2.9%	3.0%
2	9.0	8.6	9.9	9.4	9.9	10.2
3	26.6	26.9	25.6	24.7	23.6	23.8
4	17.1	15.5	13.8	15.3	14.8	14.9
5	13.6	15.7	16.7	20.0	18.9	15.3
6	11.4	9.5	8.5	5.6	5.6	6.3
7	0.1	0.3	0.6	0.9	0.8	0.9
8	4.2*	3.0	3.4	4.4	3.9	3.3
9	0.1	0.1	0.1	0.0	0.0	0.0
10	3.2	2.5	2.3	2.9	3.4	2.4
More Than 10 Years *(Not Lifetime)*	0.4	0.6	0.8	0.8	0.5	NA
Lifetime	12.7	13.2	15.2**	12.4	15.7	19.8

**Adjusted upward to make the total equal 100.0 percent.*
***Increase due to a change in participating carriers.*

considerations:

Most *shared care* policies allow a claimant to dip into their spouse's policy, after exhausting their own policy. If two four-year BP policies are shared, each is counted as a four-year BP policy in this study. While the combined benefit period is limited to eight years, either insured could use more than four years, added value that is not reflected in our 4.32 statistic.

Some *shared care* policies maintain independent coverage for each insured, but add a third pool that either insured could use. If the base coverage is four years, the survey classifies them as four-year policies, but either person has access to eight years of benefit, and the total maximum is 12 years.

Partly offsetting these understatements of protection, there is an overstatement when an eight-year *joint shared* policy is sold; each insured is counted as having an eight-year benefit period, but together they have only eight years. Such sales started to decrease in the latter part of 2011.

Maximum Daily or Monthly Benefit. As indicated in Table 7 the average maximum daily benefit continued to increase slightly, to about $156 per day. Although the table displays maximum daily benefit, 72.8 percent of 2011 policies were sold with a monthly or weekly maximum, which is superior. Because of higher prices, some buyers are beginning to select lower benefits, focusing on covering meaningful home care coverage and co-insuring some of the cost of nursing home care, should that become necessary.

More than 10 percent of the policies each year have had lower than $100 a day (or $3,000 a month) initial maximum benefits. One spouse might not really want coverage or might already have coverage, but buys a minimal policy to obtain a both-buy discount for the other spouse. Sometimes small policies are purchased as core/buy-up multi-life programs or to satisfy minimum number-of-lives requirements.

Benefit Increase Features. Benefit increases were as robust in 2011 as in 2010, which is surprising given some carriers' slogans that "3 percent is the new 5 percent." Applying the distribution of benefit increase features (and making some assumptions according to the consumer price index (CPI) and election rates) to project the age 80 maximum benefit for a 58-year-old purchaser, we conclude that 2011 purchasers will have 5 percent more benefit available at age 80 than 2010 purchasers, mainly due to the higher initial maximum daily benefit in 2011. *That's encouraging!*

Three percent compound increases enlarged market share by 8.3 percent at the expense of CPI indexed increases, which were minus 6.3 percent, and 5 per-

Table 7
Sales By Maximum Daily Benefit

Maximum Daily Benefit	2011	2010	2009	2008	2007	2006
Less Than $100	11.7%	12.0%	12.1%	10.6%	10.6%	10.7%
$100 - $149	33.5	32.4	33.6	34.0	37.0	39.9
$150 - $199	31.8	31.0	31.3	32.9	32.2	31.7
$200 - $249	16.1	17.4	23.0	22.5	20.2	17.7
$250 - $299	4.1	3.9				
$300 and Above	2.8	3.3				

For 2006-2009, policies of $250 and more are included above with $200-$249.

Table 8
Sales by Benefit Increase Type

Benefit Increase Type	2011	2010	2009	2008	2007	2006
Level Premium Benefit Increases						
5% Compound for Life	35.3%	34.9%	41.2%	47.6%	47.7%	47.6%
5% Compound for 20 Years	0.9*	—	—	—	—	—
4% Compound	0.5	0.4	—	—	—	—
3% Compound	17.1	8.8	—	—	—	—
Other Compound	3.5	3.6	6.8	6.1	4.5	5.3
5% Simple for Life	9.7	12.2	14.6	18.3	20.2	19.4
Other Simple	0.0	0.0	0.0	0.5	0.6	0.7
Indexed Level Premium	8.1	14.4	10.9	6.0	3.7	—
Increasing Premium Benefit Increases						
Step-Rated	0.0	0.0	0.0	2.3	2.6	—
Deferred Compound Op	2.0	1.3	—	—	—	—
FPO: Indexed	0.0	0.6	0.4	0.7	0.0	Incl Below
FPO: Fixed	12.8	15.6	16.8	10.1	9.1	12.6
No Benefit Increases	9.2*	7.9	9.0	8.3	11.6	14.3
Other	0.5	0.3	0.4	0.1	0.0	0.2

**Adjusted downward to make the total equal 100.0 percent.*

cent simple for life increases, which were minus 2.5 percent. We consider 3 percent compound increases to be less protective than CPI indexed increases and similar to 5 percent simple for life increases. Partly countering the greater sales of 3 percent compound increases, the percentage of 5 percent compound for life, 5 percent level for 20 years, 4 percent compound, other compound, and age adjusted increases grew from 39.2 percent of sales to 40.7 percent of sales. Future purchase options lost market share to sales with no increases and sales with deferred options.

The line in Table 8 (on page 7) labeled "Other Increases" consists primarily of benefit features which compound at 5 percent until age 65, then 5 percent simple until age 76, at which point they stop increasing. The deferred compound option allows purchasers to add a level premium compound benefit increase feature (based on its price at the age when they add the rider) within five years of issue if they have not been on claim. If clients exercise those options, benefits will approach those of level premium permanent fixed increase policies. If clients do not exercise those options, these policies will be in the no benefit increase category.

Based on data from five participants, 24.4 percent of 69,344 insureds exercised future purchase options that were available in 2011, down from 27 percent in 2010. The percentages varied from 8 to 39 percent by insurer. Percentage elections are likely to decrease as people age because the cost of each election increases dramatically (both the amount to purchase and the price per unit increase). Thus, buyers gravitate toward a flat benefit.

Elimination Period. As Table 9 indicates, policies are increasingly being sold with 90-day elimination periods (EP) for facility care, but the shift from 2010 to 2011 is misleading. In 2009, a new carrier started contributing data, and their 84-day EP boosted the previous 31-89 day cell. We concluded it would be better to include the 84-day EP with the 90-day EP. On the other hand, 31.0 percent of the policies included a zero-day home care EP coupled with a longer facility EP, up from 26.6 percent in 2010.

Table 9
Sales By Facility Elimination Period

Number of Days	2011	2010	2009	2008	2007	2006
0 - 19	1.2%	2.0%	2.8%	2.6%	3.0%	3.0%
20 - 44*	6.1	6.7	9.4	10.2	10.7	13.2
45 - 83*	1.7	10.8	11.7	4.8	5.7	7.4
84 - 100*	86.3	76.3	72.2	78.3	75.4	71.3
More Than 100	4.7	4.2	3.9	4.1	5.2	5.1

**Prior to 2011, these categories were 20-30, 31-89 and 90-100.*

Table 10
Sales by Gender and Couple Status

Gender/Couple Status	2011	2010	2009	2008
Female	56.5%	57.8%	58.0%	—
Females Among Single Insureds	70.1	71.5	—	—
Part of Couple	64.0	61.0	57.4	60.7%
One-of-a-Couple	13.9	16.5	17.6	16.5
Single	22.1	22.5	25.0	22.8
Couples Insuring One Spouse	30.2	35.1	—	—
Healthy Spouses Who Buy If Partner Declined	72.7	67.0		

Sales to Couples and Gender Distribution. Sixty-four percent of buyers were part of couples who both bought in 2011—13.9 percent were reported as one-of-a-couple purchasers, and 22.1 percent were reported as single.

One-of-a-couple discounts help retain the healthy spouse when the other spouse is declined, thereby salvaging the underwriting investment and pleasing distributors. Overall, 30.2 percent of couples in 2011 were reported to insure only one person.

A few insurers were able to share data which showed that when one partner is declined, approximately 73 percent of the well spouses accept their policies.

Overall, our analysis (shown in Table 10) suggests that 56.5 percent of buyers are women, but 70.1 percent of single people who buy are female.

Table 11
Percentage Who Buy Shared Care For Couples Who Both Buy Limited Benefit Period

2011	2010	2009	2008	2007
36.2%	41.0%	42.4%	40.3%	37.9%

Shared Care and Other Couples' Features. In 2011, only 36.2 percent of couples who both bought limited benefit period policies (eligible couples) purchased shared care, a surprisingly low percentage compared to previous years (see Table 11). Of the 10 participant companies that offered shared care, eight sold it to a higher percentage of eligible couples in 2012 than in 2011, but a major carrier reported less shared care, some companies with above-average shared care dropped out of the survey, and a change in the distribution of sales among insurers all combined to overwhelm the increases for those eight insurers.

Some products offer (or include automatically) joint waiver of premium (premium waived for both insureds if either qualifies) and/or survivorship features that waive premiums for a survivor after the first death if specified policy conditions are met. In 2011, 25.1 percent of policies sold to couples-both-buying included joint waiver of premium and 35.3 percent included survivorship.

Existence and Type of Home Care Coverage. Three participants reported home care only policies, which accounted for 2.8 percent of sales. Six participants reported sales of facility only policies, which accounted for only 1.1 percent of total sales.

More than 96.8 percent of the comprehensive policies included home care benefits at least equal to the facility benefit.

Most (72.8 percent) policies use a weekly or monthly reimbursement design, while 24.6 percent use a daily reimbursement home care benefit, a dramatic reversal of earlier characteristics. Thus, 97.4 percent use a reimbursement method. Two percent (2.1) use a disability or *cash* definition, paying benefits fully regardless of whether qualified care is purchased. Indemnity (0.5 percent) is nearly extinct.

In addition to the 2.1 percent of *cash* policies, 13.3 percent included a partial cash alternative, up from 9.6 percent in 2011. Such features allow people, in lieu of any other benefit, to use a percentage of their benefits (between 33 and 40 percent) for whatever purpose they wish.

Other Characteristics. Two (2.3) percent of the policies included return of premium features, which return some or all premiums (usually reduced by paid LTCI benefits) when a policyholder dies, sometimes only after a defined number of years or before a particular age. About five-sixths of those provisions were elected options requiring additional premium.

Twelve percent of the policies with limited benefit periods included a restoration of benefits (ROB) provision. ROB provisions restore used benefits when the insured does not need services for at least six months. Approximately 62 percent of the ROB features required additional premium.

Only 1 percent included a shortened benefit period (SBP) non-forfeiture option. SBP makes limited future LTCI benefits available to people who terminate coverage after three or more years.

The percentage of non-tax-qualified (NTQ) policies remained below 1 percent (0.9). Only 4.3 percent of participant companies' in-force policies are NTQ.

Limited Pay. Single premium sales increased from 72 policies to 123 policies, while the premium rose from $3.5 million to $5.25 million. Only one insurer offers such policies.

In 2011, 1.9 percent of policies were issued on a 10-year-pay basis and 0.6 percent were issued on other limited pay bases. Only 0.1 percent used all other non-level premium patterns combined. The other 97.4 percent of the policies use lifetime premium payment.

Multi-Life Programs

Affinity business produced 17.6 percent of the 2011 new insureds and 16.3 percent of the premium. Worksite business produced 6.9 percent of new insureds, but only 5.5 percent of new premium.

Worksite is understated because some of these cases were reported in affinity sales and because small cases that do not qualify for a multi-life discount are not considered to be multi-life. Although most of our statistics are based upon displayed participants, Northwestern and Prudential provided multi-life sales as well as aggregate sales and, thus, were included in this calculation.

Six participating insurers are not active in either the affinity market or the worksite market. One carrier reported that 52.5 percent of its new insureds came from the employer market, another reported that 37.2 percent of its new insureds came from the affinity market, and a third reported that 75.4 percent of its sales were either affinity or worksite.

Look for the August issue of *Broker World* magazine for more analysis.

Partnership Programs

As of January 1, 2012, the participant companies sold partnership products in an average of 26 states. One participant did not sell these policies anywhere. At the other extreme, one participant reported offering these policies in 36 states.

The 12 participating companies that reported partnership sales by state had sales in a total of 38 states in 2011. Forty states now permit partnerships.

In those jurisdictions participating in the Deficit Reduction Act (DRA) LTC Partnership program, two-thirds (66.6%) of the policies issued were partnership policies. We estimate that if partnership regulations had applied in all states, 69.3 percent of the policies issued in the United States would have qualified. If all carriers had implemented DRA-Partnership policies by January 1, 2011 in all of the states that sanctioned the program, the actual percentage might have exceeded our estimates. There was a three-year span between the first insurers to adopt the DRA-Partnership program and the most recent insurers.

Maine led with 88.2 percent of participant policies being partnership-qualified; followed by Minnesota with 87.1 percent; North Dakota, 86.0 percent; Wisconsin, 85.7 percent; Virginia, 84.9 percent; and Nebraska, 82.8 percent.

The original partnership states mostly lagged in this regard, largely because their laws inhibit participation: California, 36.8 percent; Connecticut, 39.5 percent; Indiana, 56.8 percent; and New York, 31.5 percent.

Of the 15 insurers that participated in this year's survey, only 4 sell partnership policies in California, 4 in New York, 6 in Indiana, and 7 in Connecticut.

One carrier had 66.5 percent of *all* of its policies qualify for partnership. Looking only at DRA-Partnership states, one company had 88.7 percent of its policies qualify. In the original partnership states, the highest percentage for any insurer was in Indiana, with 85.4 percent; California, 61.2 percent; Connecticut, 72.4 percent; and New York, 52.6 percent. Thus, besides the smaller number of insurers involved in the original partnerships, the nature of those programs also seems to reduce the percentage of partnership policies in the original states.

The original states might increase partnership sales significantly by adopting the DRA-Partnership regulations.

Many people are concerned that, with today's higher prices, state partnerships are having less success in encouraging LTCI purchase by the middle class. A $1,500 initial maximum monthly benefit would allow someone to get about 4 hours of home care every two days and may maintain that buying power with 5 percent compound benefit increases. For many middle-class citizens, such care could be a godsend and would be even more appreciated if, thanks to the partnership, they were able to ultimately qualify for Medicaid without having to spend down all of their countable assets.

Table 12
Underwriting Decisions

	2011	2010	2009	2008
Issued As Applied For	63.8%	62.1%	62.3%	62.7%
Issued As Modified	2.4	4.8	2.5	4.2
Declined	21.8	20.1	19.9	18.3
Suspended, Withdrawn	5.8	5.4	7.8	6.1
Free Look or NTO	6.2	7.6	7.5	8.7

- **Underwriting Data**

Case Disposition. In reviewing this section, please note that the placed percentages reflect the insurers' perspective; a significantly higher percentage of applicants are offered coverage because applicants who are denied by one carrier often are issued coverage by another carrier.

Eleven insurers contributed to this data. In 2011, 63.8 percent of the applications were *placed as applied for;* 66.2 percent were placed including those which were modified. The "apparent" increase in the percentage of *placed as applied for* is attributed to some carriers having previously treated improvements (applied standard, issued preferred) as modifications. Our intent was to limit modifications to those which would disappoint an applicant.

The declination rate, 21.8 percent, continued to rise (see Table 12). In addition, 5.8 percent were suspended or withdrawn, which is often reflective of an underwriting concern on the part of the carrier, but only 6.2 percent were not accepted or were returned during the free-look period. All carriers declined between 14.7 and 29 percent of their applicants.

Removing business that was part of a simplified underwriting program exposes that the decline rate for fully underwritten business was 22.8 percent.

Underwriting Tools. Ten insurers contributed to this section, compared to 13 insurers last year. The change in insurers significantly impacts the distributions in Table 13 (on page 62), which shows the percentage of insurers that used each underwriting tool and the percentage of applications that were underwritten using that tool.

One carrier used phone interviews that *did not* include cognitive elements as much in 2011 as in 2010. All the other carriers reduced usage in 2011. MIB usage is significantly understated because at least two carriers that use MIB did not report it. The reduction in drug scans is entirely related to the shift in participants. Only one insurer

Table 13 Underwriting Tools				
Underwriting Tool	Percent of Insurers Using Tool	Percent of Applications Evaluated Using Tool		
		2011	2010	2009
Medical Records	100%	78%	74%	62%
Phone Interview (PHI)	100	36	56	45
With No or Minimal Cognitive Testing	90	19	38	24
With Cognitive Testing	90	17	18	21
Prescription Profiles	50	35	38	33
MIB	20	7	19	26
Cognitive Face-to-Face	90	11	12	13
Blood Testing	20	0	0	0.1

Table 14 Underwriting Time					
Number of Days	2011	2010	2009	2008	2007
1 - 14	19.5%	18.6%	22.8%	29.2%	27.0%
15 - 29	30.2	29.3	33.0	31.6	31.7
30 - 44	19.6	18.4	21.0	20.8	20.1
45 - 59	13.0	12.6	12.5	10.5	13.6
60 or More	17.7	21.1	10.7	7.9	7.6

Table 15 Issued Policies By Underwriting Class						
Underwriting Class	2011	2010	2009	2008	2007	2006
Best	43.8%	47.3%	44.4%	40.0%	39.9%	40.5%
Second Best	51.3	47.4	50.1	55.2	53.1	52.1
Third Best	3.9	4.3	4.6	4.0	4.7	5.3
Less Attractive	1.0	1.0	1.0	0.8	2.3	2.1

Table 16 Underwriting Action By Age In 2011		
Age	Most Favorable Rating	Declines
18 - 29	80.9%	10.0%
30 - 39	74.0	3.6
40 - 49	67.1	12.9
50 - 59	55.8	17.0
60 - 64	42.7	23.2
65 - 69	32.9	30.2
70 - 74	24.8	37.4
75 - 79	16.6	44.2
80+	4.9	32.0

that reported using the scans in both 2010 and 2011 said it had reduced using them, but the reduction was only 2 percent.

At least two participants have announced more use of Attending Physician Statements (APSs) and cognitive face-to-face in 2012. The increased use of medical records should reduce the risk of future rate increases.

Underwriting Time. Table 14 shows that average time from receipt of application to mailing of the policy improved when compared to 2010 but is still worse than in prior years.

Only two insurers reported shorter average processing times in 2011 than in 2010, one of which was the slowest insurer in 2010. Increased use of medical records slows the underwriting process. However, the data is more encouraging than it appears. Because major carriers stopped, or greatly reduced, selling LTCI in 2010, other insurers experienced a sharp increase in business. Processing times slowed in the latter part of 2010 and got worse early in 2011. Later in 2011 and in 2012, processing has come closer to previous time frames.

Rating Classification. The percentage of issued policies that were rated in the most favorable rating classification was 43.8 percent, varying from 7.6 to 100 percent among carriers. The two most favorable rating classifications accounted for 95.1 percent of the sales. All 13 carriers that reported underwriting class data placed at least 74.5 percent of their cases in their two most favorable rating classifications. (See Table 15).

Nine insurers reported the percentage of applicants placed in their most favorable rating classification by age. Only seven reported their decline percentages by age. The results are shown in Table 16.

Product Details

This section describes, row-by-row, the information displayed in the exhibit. Because many features cannot be fully described in limited space, please seek more information from insurers, as appropriate. This year, we've added information about Independent Review of Claims *(row 73)* and what happens to couples' discounts when one spouse is declined for a "knock-out reason." We removed the row describing what happens to the discount when a spouse dies; none of our participants adjusts the discount at

The abbreviations in the exhibit include the following.

Row-by-row product details continue on page 14.

Table 17
Description of Abbreviations

Abbreviation	Meaning
AAW	Actively-at-Work
ADL	Activities of Daily Living
Amt(s)	Amount(s)
APC	Alternate Plan of Care
App(s)	Application(s)
Alt	Alternate
Avail	Available
Ben	Benefit
BIO*	Benefit Increase Option *(Inflation Protection)*
BP	Benefit Period
CBIO*	Compound Benefit Increase Option *(Inflation Protection)*
Comp*	Compound
Coord	Coordination
CPI*	Consumer Price Index
Ee(s)	Employee(s)
Elim or EP	Elimination Period
Er-Pd	Employer-Paid
Extra $	Feature Costs Extra
FC	Facility Care
FO	Facility Only
FPO	Future Purchase Option
HC	Home Care
HC 25%/1Yr	25% of Home Care Benefit for Maximum of 1 Year
NH 75%/4Yrs	75% of Nursing Home Benefit for Maximum of 4 Years
HCA	Home Care Agency
HCBC	Home and Community Based Care
HCO	Home Care Only *(No Facility Coverage)*
Incl	Included
Incr	Increasing
IR	Independent Review *(Of Claims)*
K; KK	One Thousand; One Million
LT	Lifetime Benefit Period
Max	Maximum
MDB	Maximum Daily Benefit
MGI	Modified Guaranteed Issue
Mo(s)	Month(s)
Orig MDB*	Original Maximum Daily Benefit
NA	Not Applicable
NB	New Business
NH	Nursing Home
NS	Non-Smoker/Non-User of Tobacco
Pfd	Preferred Risk Class
Prem	Premium
Reimb	Reimbursement
Rec'd	Received
Reqt	Requirement
SUW	Simplified Underwriting
Svc	Service Days
To 2x*	Until Benefit Doubles
TQ	Tax-Qualified
UW	Underwriting
WP	Waiver of Premium
w/	With
x; 2x	Multiplied By; Two Times
Yr(s)	Year(s)
$	Money *(Premium)*
<	Less Than
>	Greater Than
$75/Trip x 4x/Yr	$75 Per Trip, Limited to Four Times Per Year

*See page 26, last paragraph under "Benefit Increase Features."

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1	**COMPANY NAME**
2	Policy Type
3	Product Marketing Name
4	Policy Form Number
5	Year First LTCI Policy Offered
6	Year Current LTCI Policy Was Priced
7	Jurisdictions LTCI Available
8	State Partnerships *(as of January 1, 2012)*
9	**Financial Ratings *(as of December 31, 2011)***
10	A.M. Best
11	Standard & Poor's
12	Moody's
13	Fitch
14	COMDEX Ranking *(as of May 1, 2012)*
15	**Financials *(Millions)***
16	Assets *(December 31, 2011)*
17	Surplus *(December 31, 2011)*
18	Percent Increase *(Assets, Surplus)*
19	**LTCI Premium *(Millions)***
20	2011 First Year Premium
21	2011 End of Year In-Force Premium
22	Percent Increase *(New Business, In-Force)*
23	**LTCI Lives Insured**
24	2011 First Year Issued
25	2011 End of Year In-Force
26	Percent Increase *(New Business, In-Force)*
27	**Policy Ranges and Elimination Period Terms**
28	Issue Age Range
29	Daily, Weekly or Monthly Benefit Range
30	Benefit Periods and/or Pools
31	Elimination Periods
32	Vanishing, Cumulative
33	Elimination Period Crediting
34	Zero-Day HCBC EP with Longer NH EP
35	**Policy Benefits**
36	Number of Benefit Pools, EPs
37	HCBC Payment Basis
38	Indemnity Facility, Indemnity HCBC
39	Full Cash *(Disability)* Benefit
40	Partial Cash *(Disability)* Alternative
41	Additional Cash Benefit
42	Assisted Living *(Percent of NH Max)*
43	Home Care Health Aide *(Percent of NH Max)*
44	Independent Professional, Non-Professional
45	Homemaker Services
46	Informal Care *(Other Than Family)*
47	Informal Family Care
48	**Benefit Increase Features**
49	Lifetime Compound Increases *(Level Premium)*
50	Lifetime Simple Increases *(Level Premium)*
51	Other Increases *(Level Premium)*
52	Increased Before Claims Deducted?
53	Future Purchase Options *(FPO)*
54	Benefit Increase Comments
55	**Other Comments**

Term Care Insurance Survey

See page 12 for description of abbreviations.

AMERICAN GENERAL	BANKERS LIFE & CASUALTY		COUNTRY LIFE	
Comprehensive	Comprehensive	Comprehensive	Facility Only	Comprehensive
American General LTC	GR-N620 *(Standard Package)*	GR-N650 *(Premier Package)*	Facility Only LTC	Comprehensive LTC
8000	GR-N620	GR-N650	LTC-520	LTC-500
2010	1985		1989	
2009	2009		2004	
All But FL, MA, NY, & VT	All States Except NY		23 States, No Northeast	
30	36 *(Incl CA, CT, IN)*		17	
A	B+		A+	
A+	BB+		Not Rated	
A2	Ba1		Not Rated	
A	BBB-		Not Rated	
82	52		88	
$43,532	$14,516		$8,947	
$7,394	$817		$1,001	
10%, 26%	6%, 5%		4%, 2%	
$0.3	$16.9		$1.8	
$0.3	$554.5		$24.0	
100%, 73%	-20%, -3%		-11%, 5%	
121	10,374		977	
104	313,140		16,868	
75%, 70%	-22%, -5%		-7%, 4%	
21 - 84	18 - 89		18 - 84	
$2,000 - $12,000/Month	$40 - $400		$50 - $350	
7 Pools: $100K - $1KK	1, 2, 3, 4, 5, 6, 8, L (500 - 2,500 Day BP Also Available)		2, 3, 4, 5, L	
30, 90, 180, 365	0, 15, 30, 60, 90, 180, 365, 730, 1095, 1460		30, 90, 180, 365	
Yes, Yes	Yes, Yes		Yes, Yes	
Calendar Days	3 HC/Week=7		Service Days	
Extra Cost; HC Days Retire FC EP	No		Facility Only	No
1, 1	1, 1		Facility Only	1, 1
Monthly	Weekly	Monthly	Facility Only	Daily (Monthly Extra $)
No, No	No, No		No, NA	Both Extra Cost
NA	NA		NA	
40% (Automatic)	NA		NA	
NA	25% (Extra Cost)		NA	
100%	50%	100%	100%	
100%	50%	50%, 100%	Facility Only	50%, 100%
Same, See Cash Alternative	Same, Not Covered		Facility Only	Both Same As Above
Same As Custodial Care	Must Be Incidental		Facility Only	Must Be Incidental
Use Cash Alt (Included)	Not Covered		Facility Only	Use Excess Indemnity Over Qualified Cost
Use Cash Alt (Included)	Not Covered		Facility Only	
3%, 5%	2%, 3%, 4%, 5%		5%	
NA	5%		5%	
NA	2 Decreasing Inflation Options Are Also Offered (See Other Comments)		NA	
Yes	No		No	
NA	15% Every 3 Years		NA	
3% & 5% Compound with Graded Premium to Age 65 or For Life	FPO: To 89 If No Declines or Claims		NA	
	5% Compound Through Age 60. Then Either 3% Compound or 5% Simple Through Age 75. Then 0%; HCO; FO			

• **Company Name** *(rows 1 and 56)* lists the participating insurers in alphabetical order at the top of each page (Knights of Columbus and John Hancock were reversed for better column readability). Each company may display as many as three products.

• **Policy Type** *(row 2)* distinguishes between comprehensive, home care only and facility only products, indicating if the product is especially focused for worksite. In row 2 and the "Comment" rows *(55 and 106)*, we identify five insurers which offer facility only coverage and three insurers which offer home care only. Four insurers display worksite only products and one displays a product aimed at the substandard market.

One insurer has a "disability" product (pays the full benefit based only if the insured is chronically ill). Four insurers have products which allow a portion of their home care benefit (ranging from 33 to 40 percent) to be used as a cash alternative. One product offers indemnity coverage (full benefit if someone is chronically ill and incurs a qualified cost) for a higher premium *(row 38)*.

Where appropriate, we have inserted indicators such as "Disability," "Facility Only" to indicate why a particular row might not apply to that product.

• **Product Marketing Name** *(rows 3 and 57)* is the product's common brand name.

• **Policy Form Number** *(row 4)* is generic and may vary by state.

• **Year First LTCI Policy Offered** *(row 5)* is the year the insurer first offered individual LTCI coverage.

• **Year Current LTCI Policy Was Priced** *(row 6)* is the year the current product was most recently priced.

• **Jurisdictions LTCI Available** *(row 7)* generally shows the jurisdictions in which the insurer sells, or intends to sell, LTCI. *A displayed product may not be available in all of these states.*

• **State Partnerships** *(row 8)* identifies the number of state partnerships in which the insurer participated as of January 1, 2012, and specifically identifies any of the original four state partnerships (CA, CT, IN and NY) in which the insurer participates.

• **Financial Ratings and Ranking** *(rows 9-14)* lists each company's ratings from the four major rating agencies (A.M. Best, Standard & Poor's, Moody's, and Fitch). Row 14 shows Ebix's COMDEX ranking as of May 1, 2012.

The COMDEX ranking is from *VitalSigns*, a publication of EbixLife, Inc. EbixLife converts each company's A.M. Best, Standard & Poor's, Moody's, and Fitch ratings into a percentile ranking. For insurers rated by at least two of these rating agencies, EbixLife produces a COMDEX ranking by averaging that insurer's percentile rankings.

The COMDEX ranking has two key advantages: it combines the evaluations of several rating agencies and its percentile ranking makes it easier to understand how a company compares to its peers.

• **Financials** *(rows 15-18)* reflect the insurer's statutory assets and surplus (in millions) for year-end 2011, and the percentage changes from the previous year. These figures do not include assets and surplus of related companies nor do they reflect assets under management.

• **LTCI Premium** *(rows 19-22)* lists (1) the annualized premiums *(in millions)* for policies sold in 2011, and separately, of (2) policies in-force on December 31, 2011, and (3) the percentage changes from the previous year. Single premium sales are excluded from the annualized premium, but the amount of single premium is disclosed parenthetically.

• **LTCI Lives Insured** *(rows 23-26)* shows the number of lives covered by new policies and by year-end in-force policies, as well as the year-to-year percentage changes.

• **Policy Ranges and Elimination Period Terms** *(rows 27-34)* shows the product's issue age, daily benefit, benefit period (BP) and elimination period (EP) ranges. It also explains how the EP works.

Issue Age Range shows that only two participants issue LTCI to people older than age 85.

Daily, Weekly or Monthly Benefit Range

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56	**COMPANY NAME**
57	Product Marketing Name
58	Sales Rep/Source for More Info
59	**Ancillary Benefits**
60	Bed Reserve Days/Year, Respite during EP?
61	Alternative Plan of Care *(APC)*
62	Home Modification
63	Caregiver Training Benefit
64	Emergency Alert
65	Equipment Benefit
66	Drug, Ambulance Benefit
67	**Claims Issues**
68	Conditional Receipt Protection
69	Coverage Beyond USA
70	Provider Discounts *(Directly or Indirectly)*
71	Care Coordination Available From
72	Third Party Limits
73	Independent Review
74	**Premiums and Discounts**
75	Preferred Discount
76	Substandard Extra Ratings
77	Two-Spouse, Two-Partner Discounts
78	Requires Identical Coverage?
79	If Spouse is a Surprise Decline?
80	If Spouse Answers Yes to KnockOut Question?
81	One-Spouse Discount *(Only 1 Spouse Applies)*
82	Maximum Best UW Class & Spouse Discount
83	Later Marriage Earns Discount For
84	Most Common Employer, Affinity Discount
85	Minimum Size Employer Group, Number Apps
86	Minimum Size Affinity Group, Number Apps
87	Credit Card: Frequencies Accepted
88	**Non-Level Premiums**
89	Fixed Periods
90	Paid Up at Ages
91	Other Options
92	**Waiver of Premium**
93	First Premium Waived *(Days)*
94	HCBC Waiver
95	Joint Waiver
96	**Return of Premium Upon Death *(ROP)***
97	ROP Design 1
98	ROP Design 2
99	**Other Riders and Features**
100	Paid Up Survivor Benefit
101	Both People Must Survive Number of Years
102	Claim-Free Requirement?
103	Shared Care Benefit
104	Other Shared Care Aspects
105	Restoration of Benefits
106	**Other Comments**
107	**Non-Tax-Qualified Policies *(NTQ)***
108	NTQ: Percent of Sales, Extra Cost
109	NTQ: Facility and Home Care Triggers
110	**Combination Policies Offered**

Term Care Insurance Survey

See page 12 for description of abbreviations.

AMERICAN GENERAL	BANKERS LIFE & CASUALTY		COUNTRY LIFE	
American General LTC	GR-N620 *(Standard Package)*	GR-N650 *(Premier Package)*	Facility Only LTC	Comprehensive LTC
877-399-7747	www.bankerslife.com		866-856-4760	
30+Other, Incl Below*	60+Other, No	60+Other, 21	30, 30	
Contractual	No	Contractual After EP	Contractual After EP	
10% Lifetime Max*	NA	30 x MDB	Facility Only	50 x MDB
Included Above*	NA	25% of Monthly HC	Facility Only	3 x MDB
APC	NA	5% HC MDB; Max 12 Months	Facility Only	50 x MDB
Included Above*	NA	5% HC MDB; Max 12 Months	Facility Only	50 x MDB
NA	NA, $75/Trip x 4x/Year		Facility Only	NA
Full, After UW Reqt	No		No	
International (= Cash Alt For 2 Yrs)	Canada (Other = 30 Days)		No	
No	No		No	
Client's Choice	Through Network		Through Network	
None	None		None	
As Required By Law	As Required By Law		Extended to In Force in States with IR	
10%	10%		10%	
Rarely and Case Specific	25%, 50%, 100%		None	
30%, 30%	35%, 10%		30%, 0%	
No	No		No	
Reduced	Reduced		Reduced	
Reduced	Reduced		Reduced	
15%	15%		15%	
40%	41.50%		40%	
Current & New Spouse	Current & New Spouse		Current & New Spouse	
5%, 5%	NA, 5%		NA	
10, 10	NA		NA	
10, 5	Varies		NA	
M, Q, SA, A	None		None	
NA	10, 20		10	
65 (10 Years If Longer)	NA		65	
See Line 54	NA		NA	
Elimination	Elimination		Elimination	
Yes	Yes		Facility Only	Yes
Extra Cost	Extra Cost	Automatic	Extra Cost	
Net, 100%	Net; Grades from 10% @4th Year to 100% @Year 20+		Net, Decrease to $0 @Age 80	
NA	NA		NA	
Extra Cost	Extra Cost		Extra Cost	
10	10		10	
Yes, No	No		No	
Permanent Extra $, Third Pool	Permanent Extra $, Third Pool		NA	Permanent Extra $
Extra Cost	Extra Cost	Included	Extra Cost	
Electronic Submission Available From Proposal System	Extra-Cost Rider Ups Survivor's Daily Benefit 50% But Survivor's Prem is Unchanged; Return of Premium Applies on Lapse Also			
100% TQ	8%, 6%		100% TQ	
NA	Double/2 ADL, Double/2 ADL		NA	
None	Life, Annuities		Life	

2012 Annual Long Term Care Insurance Survey

1	COMPANY NAME	GENWORTH		KNIGHTS OF COLUMBUS	
2	Policy Type	Comprehensive	Comprehensive Worksite	Facility Only	Comprehensive
3	Product Marketing Name	Privileged Choice Flex	LTC Business Solutions	K of C Care	K of C Care
4	Policy Form Number	7052	7050	NHC01	LTC01
5	Year First LTCI Policy Offered	1974		2000	
6	Year Current LTCI Policy Was Priced	2011	2008	1999	
7	Jurisdictions LTCI Available	All States & DC		All States & DC	
8	State Partnerships *(as of January 1, 2012)*	31 *(Incl CA, CT, IN, NY)*		None	
9	**Financial Ratings *(as of December 31, 2011)***				
10	A.M. Best	A		A++	
11	Standard & Poor's	A		AAA	
12	Moody's	A2		Not Rated	
13	Fitch	A-		Not Rated	
14	COMDEX Ranking *(as of May 1, 2012)*	78		100	
15	**Financials *(Millions)***				
16	Assets *(December 31, 2011)*	$35,784		$18,027	
17	Surplus *(December 31, 2011)*	$3,205		$1,687	
18	Percent Increase *(Assets, Surplus)*	7%, 5%		7%, -1%	
19	**LTCI Premium *(Millions)***				
20	2011 First Year Premium	$206.5		$3.6	
21	2011 End of Year In-Force Premium	$2,195.5		$44.5	
22	Percent Increase *(New Business, In-Force)*	45%, 11%		6%, 10%	
23	**LTCI Lives Insured**				
24	2011 First Year Issued	90,190		2,946	
25	2011 End of Year In-Force	1,149,410		37,071	
26	Percent Increase *(New Business, In-Force)*	42%, 5%		1%, 8%	
27	**Policy Ranges and Elimination Period Terms**				
28	Issue Age Range	18 - 79		30 - 85	
29	Daily, Weekly or Monthly Benefit Range	$50 - $400		$50 - $400	
30	Benefit Periods and/or Pools	2, 3, 4, 5, 6, 8, 10, L		3, 5, L	
31	Elimination Periods	30, 90, 180		30, 60, 90, 180	
32	Vanishing, Cumulative	Yes, Yes		Yes, No	
33	Elimination Period Crediting	Choice of Service Days; or Calendar Days After 1st Expense		Calendar Days	
34	Zero-Day HCBC EP with Longer NH EP	Extra Cost; HC Days Retire FC EP		No	
35	**Policy Benefits**				
36	Number of Benefit Pools, EPs	1, 1		1, 1	
37	HCBC Payment Basis	Monthly		Facility Only	Monthly
38	Indemnity Facility, Indemnity HCBC	No, No		No, NA	No, No
39	Full Cash *(Disability)* Benefit	NA		NA	
40	Partial Cash *(Disability)* Alternative	NA		NA	
41	Additional Cash Benefit	NA		NA	
42	Assisted Living *(Percent of NH Max)*	50%, 100%	100%	100%	
43	Home Care Health Aide *(Percent of NH Max)*	50%, 100%	50%, 75%, 100%	Facility Only	100%
44	Independent Professional, Non-Professional	Both Same As Above		Facility Only	Both Same As Above
45	Homemaker Services	Same As Custodial Care		Facility Only	Same As Custodial Care
46	Informal Care *(Other Than Family)*	Same As Above		Facility Only	Same As Above
47	Informal Family Care	Family Members Only If Normal Compensation as HC Provider Employee		Facility Only	Not Covered
48	**Benefit Increase Features**				
49	Lifetime Compound Increases *(Level Premium)*	3%, 5%		5%	
50	Lifetime Simple Increases *(Level Premium)*	5%		NA	
51	Other Increases *(Level Premium)*	NA		NA	
52	Increased Before Claims Deducted?	Yes		No	
53	Future Purchase Options *(FPO)*	NA	15.76% Every 3 Years	10% of Orig MDB Every 2 Yrs Until 2 Straight Declines or On Clm	
54	Benefit Increase Comments	NA			
55	**Other Comments**	Same Generation Relatives Can Quality for Spousal Discounts; Coordinates Benefits with All Other LTCI			

See page 12 for description of abbreviations.

JOHN HANCOCK	MASSMUTUAL	MEDAMERICA		MUTUAL OF OMAHA	
Comprehensive	Comprehensive	Comprehensive	Comprehensive with Cash Rider	Comprehensive	Worksite
Custom Care III	SignatureCare 500	Simplicity II	FlexCare	Mutual Care My Way	Mutual Care at Work
LTC-11	MM500-P-1	SPL2-336	FC-336	LTC09M	
1987	2000	1987		1987	
2010	2011	2007	2011	2011	
All States & DC	All States & DC & Puerto Rico	All States & DC		All States & DC	
28 *(Incl CA,CT,IN,NY)*	33 *(Including CT,IN,NY)*	16 *(Including CT, NY)*		32	
A+	A++	B++		A+	
AA-	AA+	A-		A+	
A1	Aa2	Not Rated		A1	
AA-	AA+	Not Rated		Not Rated	
93	99	50		91	
$218,287	$148,600	$1,126		$5,247	
$4,971	$11,417	$61		$2,315	
2%, -4%	5%, 10%	18%, -12%		0%, -10%	
$51.8	$20.4	$7.6		$25.7	
$1,514.4	$178.7	$128.4		$160.7	
-64%, 1%	34%, 10%	23%, 11%		80%, 17%	
20,585	6,181	4,676		11,944	
724,257	69,329	80,846		88,698	
-66%, 0%	35%, 8%	16%, 1%		59%, 11%	
18 - 79	18 - 84	18 - 85		18 - 79	
$50 - $500	$50 - $400	$1,500 - $16,000/Mo	$1,500 - $15,000/Mo	$1,500 - $15,000/Month	
2, 3, 4, 5, 6, 10	2, 3, 4, 5, 6	5 Pools: $100K-$500K,$1KK	1, 2, 3, 4, 5, 6, 7, 8, 10	2, 3, 4, 5, 6, 8, L	2, 3, 4, 5, 6, 8
30, 60, 90, 180, 365	30, 60, 90, 180	30, 60, 90, 180	30, 60, 100, 180, 365	0, 30, 60, 90, 180, 365	90, 180, 365
Yes, Yes	Yes, Yes	Yes, Yes		Yes, Yes	
Service Days	Service Days	Calendar Days		Each Calendar Day, Starting with the First Day of Paid Qualified Services	
Extra Cost; HC Days Retire FC EP	Extra Cost; HC Days Retire FC EP	No	Extra Cost	Extra Cost	
1, 1	1, 1	1, 1		1, 1	
Daily (Monthly Extra $)	Daily (Monthly Extra $)	Monthly		Monthly	
No, No	No, No	Disability, Disability	NA, NA	No, No	
NA	NA	Automatic	Extra Cost	NA	
NA	NA	Disability	NA	35% of HC (Automatic)*	
15% (Extra Cost)	NA	NA		NA	
100%	100%	100%	50%, 75%, 100%, 125%	50%, 75%, 100%	
100%	100%	75%, 100%	50%, 75%, 100%, 125%	50%, 75%, 100%	
Up to 75% If No HCA in 40 Miles	Same, Not Covered	Disability	Cash Rider Can Cover This	Same, See Cash Alternative	
Must Be Incidental	Same As Custodial Care	Disability	Same As Custodial Care	Same As Custodial Care	
Not Covered	Not Covered	Disability (Cash) Benefit Can Be Used for Any Purpose	With Cash Rider, Benefit Can Be Used for Any Purpose	Cash Alternative Has 0 Day Elim; If Used It Delays Satisfying the EP Requirements	
Family Members Only If Normal Compensation as HC Provider Ee	Not Covered				
5%, CPI	3%, 5%	3%, 5%		3%, 4%, 5%	
NA	NA	5%	3%, 5%	5%	
CPI to Age 75	NA	5% Compound to 2x	5% CBIO to 2x; Tiered; MDB Incr	5% Compound 20 Years	
No	No	No		No	
10%/3 Yrs If No BIO *(5%/3 Yrs w/CPI BIO)*	NA	NA	10% Every 2 Years Until Declined 2x or On Claim	Can Add 3% or 5% to No-Incr Pol in 1st 5 Yrs If (1) Not Waiving Prem (2) Not Chronically Ill & Rec'd No Bens in Past 2 Yrs	
FPO Lost if 2 Declines, Above Age 75 or On Claim in Past 2 Yrs. Option to Convert from FPO to CPI at 65.	NA	NA			
	Participating Policy: Dividends Payable	Pays Monthly Cash Ben w/o Regard to Svcs or Amts Used; HCO & FO Available	Tiered BIO=5% Comp thru 60, 5% of Age 60 MDB thru 75, Then 0. MDB Incr Doesn't Incr Pool	Up to 2x Monthly Maximum for Injury, Before 65 Additional Amount Not +/- from Pool	

2012 Annual Long Term Care Insurance Survey

#	COMPANY NAME	GENWORTH		KNIGHTS OF COLUMBUS	
57	Product Marketing Name	Privileged Choice Flex	LTC Business Solutions	K of C Care	K of C Care
58	Sales Rep/Source for More Info	www.genworth.com		Paul Ochs 203-752-4069	
59	**Ancillary Benefits**				
60	Bed Reserve Days/Year, Respite during EP?	60+Other, 30		21, 21	
61	Alternative Plan of Care *(APC)*	Contractual After EP		By Company Practice	Contractual After EP
62	Home Modification	3 x Monthly Max*		Facility Only	$1,000/Calendar Year
63	Caregiver Training Benefit	Included Above*		Facility Only	$500/Calendar Year
64	Emergency Alert	Included Above*		LifePlans Provider Discount Program*	
65	Equipment Benefit	Included Above*		Facility Only	$1,000/Calendar Year
66	Drug, Ambulance Benefit	NA		NA, $250/Year	
67	**Claims Issues**				
68	Conditional Receipt Protection	Limited, After Application	NA	No	
69	Coverage Beyond USA	NH 75%/4 Yrs; HC 25%/1 Yr	NH 75%/4 Years	No	
70	Provider Discounts *(Directly or Indirectly)*	Yes, for Relatives Too	Yes	Yes	
71	Care Coordination Available From	Through Network		Client's Choice*	
72	Third Party Limits	None		$500/Calendar Year	
73	Independent Review	Initiates IR for Client		Extended to All States and All In Force	
74	**Premiums and Discounts**				
75	Preferred Discount	20% (10% for Both-Buy)		None	
76	Substandard Extra Ratings	None		None	
77	Two-Spouse, Two-Partner Discounts	40%, 40%		15%, 0%	
78	Requires Identical Coverage?	No		No	
79	If Spouse is a Surprise Decline?	Reduced		Unchanged	
80	If Spouse Answers Yes to KnockOut Question?	Lost		Unchanged	
81	One-Spouse Discount *(Only 1 Spouse Applies)*	25% If Second Spouse Applies and Is Not Rejected for a Knockout Reason		10%	
82	Maximum Best UW Class & Spouse Discount	50%		15%	
83	Later Marriage Earns Discount For	Current (If Within 12 Months) & New Spouse		New Spouse	
84	Most Common Employer, Affinity Discount	5%, NA	About 13%, NA	NA	
85	Minimum Size Employer Group, Number Apps	4 Insured Lives (At Least 2 Ees)	7 Issued* Lives	NA	
86	Minimum Size Affinity Group, Number Apps	NA		NA	
87	Credit Card: Frequencies Accepted	M, Q, SA, A (First Payment Only)		None	
88	**Non-Level Premiums**				
89	Fixed Periods	10		NA	
90	Paid Up at Ages	65		NA	
91	Other Options	NA		NA	
92	**Waiver of Premium**				
93	First Premium Waived *(Days)*	Elimination		Elimination	
94	HCBC Waiver	Yes		Yes	
95	Joint Waiver	Automatic w/Shared Care; Otherwise No		Not Offered	
96	**Return of Premium Upon Death *(ROP)***				
97	ROP Design 1	Net, 100% Starts @10th Year		Net, 100% Starts @10th Year	
98	ROP Design 2	Net, Decreasing to $0 @Age 75		NA	
99	**Other Riders and Features**				
100	Paid Up Survivor Benefit	Extra Cost		Not Offered	
101	Both People Must Survive Number of Years	7 or 10		NA	
102	Claim-Free Requirement?	Yes (Alt = No)		NA	
103	Shared Care Benefit	Extra Cost Ends If Partner Dies		Permanent Extra $	
104	Other Shared Care Aspects	Joint WP; Survivor Protected for At Least 1/2 Original Bucket			
105	Restoration of Benefits	Extra Cost		NA	
106	**Other Comments**	Online Live+Well Program Developed by Mayo Clinic	*Full UW: Insurable NS Ees Upgraded to Pfd Rates; SUW: Er-Pd Ees & AAW Spouses		
107	**Non-Tax-Qualified Policies *(NTQ)***				
108	NTQ: Percent of Sales, Extra Cost	100% TQ		Only in CA: 0%, 10%	
109	NTQ: Facility and Home Care Triggers	NA		More Than 6 ADLs, Same As TQ	
110	**Combination Policies Offered**	Life		None	

See page 12 for description of abbreviations.

JOHN HANCOCK	MASSMUTUAL	MEDAMERICA		MUTUAL OF OMAHA	
Custom Care III	SignatureCare 500	Simplicity II	FlexCare	Mutual Care My Way	Mutual Care at Work
800-270-1700	800-767-1000	http://agents.yourlongtermcare.com/		800-693-6083	
60+Other, No	60+Other, No	Disability, No (Disability After EP)	30+Other, 30	30+Other, 30	
Contractual After EP	Contractual After EP	Disability	Contractual After EP	Contractual After EP	
30 x MDB*	APC	Disability	Same As Emergency Alert	2x Mo Max If Care Coord Is Used*	
Included Above*	5 x MDB	Disability	10x MDB*	Included Above*	
Included Above*	50% of MDB/Month	Disability	Covered Up to MDB, MedAmerica	Included Above*	
Included Above*	APC	Disability	May Agree to Pay More Via APC	Included Above*	
NA	1 x MDB/Mo,4 x MDB/Yr	Disability	NA	NA	
Full, After UW Reqt	Full, After UW Reqt	No		Full, After UW Reqt	NA
International (365)	1/2 MDB to 1/4 Max LT Benefit	International: Disability	International: Reimbursement	Canada & UK; Indemnity for Other (365)	
Yes, for Relatives Too	No	Yes		No	
Client's Choice	Through Network	Company Staff	Company Staff*	Client's Choice*	
Up to 10 x MDB (1/3 Monthly Max)	None	None		None	
Extended to All States for NB	As Required By Law	Extended to All States and All In Force		As Required By Law	
10%	10%	10%		15%	
25%, 50%	25%, 100%, 400%	None		25%, 50%	
30%, 30%	30%, 30%	40%, 40%	30%, 30%	35%, 35%	
No	No	No		No	
Lost	Reduced	Reduced		Reduced	
Lost	Reduced	Reduced		Reduced	
0%	15%	20%	15%	15%	
35%	37%	46%	37%	44.75%	44.75% (Full UW); 35% (SUW); 15% (MGI)
Current & New Spouse	Current & New Spouse (Sometimes)	Current & New Spouse		Current & New Spouse	
5%, 5%	10%, 10%	5%, 5%	10%, 10%	NA, 5%	10%, NA
5, 3	3, 3	3, 1	3, 1	NA	SUW/MGI: 10, 10; Full UW: 3, 3
10, 3	10, 3	1, 1	3, 1	150 (250 If Not Local), 5	NA
None	None	Q, SA, A		None	
20	NA	10		10, 20	
75	NA	65		65	
NA	NA	NA		NA	
Elimination	Elimination	Elimination		Elimination	
Yes	Yes	Yes		Yes, With 8 Days of Care/Month	
Extra Cost	Extra Cost	Extra Cost		Extra Cost	
Incl: Death Before 65	NA	Full, 100%	Net, 100% to 65, Grades to 0 @75	Net, 100% to Age 65, Then None	
NA	NA	Net, 100%	Net, 100% to 80, Then 0	Either Net or Full, 100%	
Extra Cost	Extra Cost	Extra Cost		Extra Cost	
10	10	10		10	
Yes	No	No		No	
Extra Cost Ends If Partner Dies. If Pool Depleted, Spouse <91 & No Claim in 2 Yrs, Can Buy 2 Yr BP	Permanent Extra $, Third Pool Avail Only w/2Yr & 3Yr BPs	Permanent Extra $ Must Keep 2 Years for Spouse	Permanent Extra $, Third Pool That Can Differ Crom Client-Specific Pools	Extra Cost Ends If Partner Dies Must Leave 1 Year for Living Spouse	
NA	Extra Cost	Extra Cost		Extra Cost	
Independent Review of Claims Is Binding on JH	Loyal Customer Discount 5% All Yrs; FO Coverage Avail	Claims Paid Beginning of Month; No Need to Prove Amt of Claim	With Cash Benefit Rider, Claims PD Beginning of Month; No Need to Prove Amt of Claim	Spouse Security Benefit Pays 60% of Reimbursement Benefit; Benefits for Injury - Reimburement Up to 2x Monthly Max	
100% TQ	100% TQ	100% TQ		100% TQ	
NA	NA	NA		NA	
Life, Annuities	None	None		Annuities	

2012 Annual Long Term Care Insurance Survey

1	COMPANY NAME	STATE FARM	TRANSAMERICA	
2	Policy Type	Comprehensive	Comprehensive	Worksite
3	Product Marketing Name	Long Term Care Insurance	TC II	TC II Worksite
4	Policy Form Number	97062	ICC10 TLC-3	
5	Year First LTCI Policy Offered	1997	1987	
6	Year Current LTCI Policy Was Priced	2011	2011	
7	Jurisdictions LTCI Available	All But MA, NJ, RI	All States & DC	
8	State Partnerships *(as of January 1, 2012)*	26 *(Incl CT, IN)*	35 *(Incl CT, IN)*	
9	**Financial Ratings *(as of December 31, 2011)***			
10	A.M. Best	A++	A+	
11	Standard & Poor's	AA	AA-	
12	Moody's	Not Rated	A1	
13	Fitch	AA+	AA-	
14	COMDEX Ranking *(as of May 1, 2012)*	98	93	
15	**Financials *(Millions)***			
16	Assets *(December 31, 2011)*	$108,097	$102,718	
17	Surplus *(December 31, 2011)*	$60,791	$5,122	
18	Percent Increase *(Assets, Surplus)*	1%, -1%	-4%, 19%	
19	**LTCI Premium *(Millions)***			
20	2011 First Year Premium	$13.2	$14.4 (Plus $4.5 of Single Premium)	
21	2011 End of Year In-Force Premium	$199.0	$471.1	
22	Percent Increase *(New Business, In-Force)*	17%, 15%	293%, 1%	
23	**LTCI Lives Insured**			
24	2011 First Year Issued	6,617	7,095	
25	2011 End of Year In-Force	128,072	264,020	
26	Percent Increase *(New Business, In-Force)*	13%, 3%	198%, -1%	
27	**Policy Ranges and Elimination Period Terms**			
28	Issue Age Range	30 - 79	18 - 79	
29	Daily, Weekly or Monthly Benefit Range	$100 - $500 (Weekly for HC)	$50 - $400	
30	Benefit Periods and/or Pools	2, 3, 5, 10	10 pools $75K - $1KK, Also 1, 2, 3, 4, 5, 6, L	
31	Elimination Periods	30, 90, 180	0, 30, 60, 90, 180	
32	Vanishing, Cumulative	Yes, Yes	Yes, Yes	
33	Elimination Period Crediting	Service Days	Service Days	
34	Zero-Day HCBC EP with Longer NH EP	No	Included	
35	**Policy Benefits**			
36	Number of Benefit Pools, EPs	1, 1	1, 2 (0-day HC)	
37	HCBC Payment Basis	Weekly	Daily (Monthly Extra $)	
38	Indemnity Facility, Indemnity HCBC	No, No	No, No	
39	Full Cash *(Disability)* Benefit	NA	NA	
40	Partial Cash *(Disability)* Alternative	NA	33% (Automatic)	
41	Additional Cash Benefit	NA	NA	
42	Assisted Living *(Percent of NH Max)*	100%	100%	
43	Home Care Health Aide *(Percent of NH Max)*	100%	100%	
44	Independent Professional, Non-Professional	Same, Not Covered	Same, See Cash Alternative	
45	Homemaker Services	Same As Custodial Care	Same As Custodial Care	
46	Informal Care *(Other Than Family)*	Not Covered	Use 33% Cash Alternative (Included) for Any Use	
47	Informal Family Care	Not Covered		
48	**Benefit Increase Features**			
49	Lifetime Compound Increases *(Level Premium)*	5%	3%, 5%	
50	Lifetime Simple Increases *(Level Premium)*	5%	NA	
51	Other Increases *(Level Premium)*	NA	NA	
52	Increased Before Claims Deducted?	No	No	
53	Future Purchase Options *(FPO)*	Yes	No, but Deferred 3% or 5% (See Below)	
54	Benefit Increase Comments	$25 of MDB Every 5 Years From Ages 45-65 If Not Claim-Eligible	If no BIO is Purchased, It Can Be Bought at the 1st, 3rd or 5th Anniversary If Haven't Been Claim-Eligible	
55	**Other Comments**		3% or 5% Step-Rated: Prems & Maximums Incr Same % Each Year	

See page 12 for description of abbreviations.

UNITED OF OMAHA			UNITED SECURITY		
Comprehensive	Comprehensive	Worksite	Comprehensive	Comprehensive Substandard	Home Care Only
Assured Solutions Gold Plan	Cash First Plan	Workplace Solutions Flex Plan	LifeStyle Solutions	LifeStyle Solutions Select	Clear Advantage
	LTC09U		CCL3000-TQ	CCL3000TQSelect	HHC-01
	1987			1983	
	2011		2011	2010	2001
	All States & DC			FL, IL, IA, KS, KY, LA, MD, MN, MS, MO, MT, NE, ND, OH, OK, PA, SC, SD, TX, WA & WV	
	32			10	
	A+			B	
	A+			Not Rated	
	A1			Not Rated	
	Not Rated			Not Rated	
	91			Not Ranked	
	$15,738			$122	
	$1,036			$20	
	4%, -14%			6%, 2%	
	$19.5			$3.7	
	$44.5			$29.1	
	90%, 73%			13%, -1%	
	9,676			1,635	
	22,992			18,253	
	81%, 68%			26%, 4%	
	18 - 79		40 - 85	40 - 85	18 - 99
$1,500 - $15,000/Mo	$1,500 - $9,000/Mo	$1,500 - $15,000/Mo	$50 - $350	$50 - $150	$20 - $250
2, 3, 4, 5, 6, 8, L	$50K - $500K, Lifetime	$50K - $500K	1, 2, 3, 4, 5, L	1, 2, 3	1, 2, 3, 4, 5, L
0, 30, 60, 90, 180, 365	0, 30, 60, 90,180, 365	90, 180, 365	0, 40, 90, 120, 180	90, 120, 180	0, 20, 100, 180, 365
	Yes, Yes		Yes, Yes	Yes, Yes	No, No
	Each Calendar Day, Starting with the First Day of Paid Qualified Services			Each Calendar Day, Starting with the First Day of Paid Qualified Services	
	Extra Cost			No	
	1, 1		1, 1		Home Care Only
	Monthly		Monthly		Daily
	No, No			No, No	
	NA			NA	
	40% of HC (Automatic)* (50% Option)			NA	
	NA			NA	
50%, 75%, 100%	6: 50% to 100%	50%, 75%, 100%	100%		Home Care Only
50%, 75%, 100%	100%, 2x If Prof	50%, 75%, 100%	100%	50%	Home Care Only
	Same, See Cash Alternative		Both Same As Above		Not Covered, Not Covered
	Same As Custodial Care			Same As Custodial Care	
	Cash Alternative Has 0 Day Elim;			Not Covered	
	The Cash Alternative Does Not Satisfy the EP Requirements			Not Covered	
	3%, 3.5%, 4%, 4.5%, 5%		3%, 5%		5%
	5%		3%, 5%		NA
	5% Compound 20 Years; 5% to 2x, 3x or 4x			NA	
	No			No	
Can Add 3% or 5% to No-Incr Pol in 1st 5 Years If (1) Not Waiving Prem (2) Not Waiving Prem (2) Not Chronically Ill & Rec'd No Bens in Past 2 Yrs				NA	
				NA	
	Reimburses Up to 2x Monthly Maximum for Injury Before 65. Additional Amount Not Added or Subtracted from Pool		4 Partnership-Certified UW Classes; Includes Programs to Delay Disability & Prolong Independence	Partnership Secured Risk Product. Pre-Existing Exclusion, Incl Programs to Delay Disability & Prolong Independence	

2012 Annual Long Term Care Insurance Survey

#	COMPANY NAME	STATE FARM	TRANSAMERICA	
57	Product Marketing Name	Long Term Care Insurance	TC II	TC II Worksite
58	Sales Rep/Source for More Info		Carroll Golden 817-285-3451, Carroll.Golden@Transamerica.com	
59	**Ancillary Benefits**			
60	Bed Reserve Days/Year, Respite during EP?	30+Other, 30	60+Other, 30	
61	Alternative Plan of Care *(APC)*	Contractual After EP	Contractual After EP	
62	Home Modification	50 x MDB*	60 x MDB If Care Coord Is Used*	
63	Caregiver Training Benefit	5 x MDB/Plan of Care	Included Above*	
64	Emergency Alert	25% MDB; Max 12 Months	Included Above*	
65	Equipment Benefit	Included Above*	Included Above*	
66	Drug, Ambulance Benefit	NA	NA	
67	**Claims Issues**			
68	Conditional Receipt Protection	Full, After App	Full, After App	
69	Coverage Beyond USA	No	Full in Canada; 75% (365) Elsewhere	
70	Provider Discounts *(Directly or Indirectly)*	No	No	
71	Care Coordination Available From	Through Network	Through Network	
72	Third Party Limits	None	None	
73	Independent Review	As Required By Law	As Required By Law	
74	**Premiums and Discounts**			
75	Preferred Discount	10%	15% Single, 10% Married	
76	Substandard Extra Ratings	None	25%, 50%, 75%, 100%	
77	Two-Spouse, Two-Partner Discounts	30%, 0%	30%, 30%	
78	Requires Identical Coverage?	No	Yes	
79	If Spouse is a Surprise Decline?	Unchanged	Reduced	
80	If Spouse Answers Yes to KnockOut Question?	Lost	Reduced	
81	One-Spouse Discount *(Only 1 Spouse Applies)*	0%	15%	
82	Maximum Best UW Class & Spouse Discount	37%	37%	
83	Later Marriage Earns Discount For	Current & New Spouse	Current & New Spouse If Same Policy Form & Benefits	
84	Most Common Employer, Affinity Discount	NA	10%, 5%	
85	Minimum Size Employer Group, Number Apps	NA	5, Varies with SUW and MGI Concessions	
86	Minimum Size Affinity Group, Number Apps	NA	5, 5	
87	Credit Card: Frequencies Accepted	M, Q, SA, A	M, Q, SA, A (First Payment Only)	
88	**Non-Level Premiums**			
89	Fixed Periods	NA	1, 10	
90	Paid Up at Ages	NA	65	
91	Other Options	NA	NA	
92	**Waiver of Premium**			
93	First Premium Waived *(Days)*	90 Service	Elimination	
94	HCBC Waiver	Yes	Automatic but NA if Substandard Class	
95	Joint Waiver	Not Offered	Extra Cost	
96	**Return of Premium Upon Death *(ROP)***			
97	ROP Design 1	NA	Incl: Death Before Age 67	
98	ROP Design 2	NA	Net, 100%	
99	**Other Riders and Features**			
100	Paid Up Survivor Benefit	Not Offered	Not Offered	
101	Both People Must Survive Number of Years	NA	NA	
102	Claim-Free Requirement?	NA	NA	
103	Shared Care Benefit	NA	Extra Cost Ends If Partner Dies. If Pool Depleted, Spouse <91 & No Claim	
104	Other Shared Care Aspects		in 2 Years, Can Buy 2 Year BP	
105	Restoration of Benefits	Included	Extra Cost	
106	**Other Comments**		No War Exclusion; Reimburses Up to 2x Monthly Maximum for Injury Until Age 67. Additional Amount Not +/- from Pool	
107	**Non-Tax-Qualified Policies *(NTQ)***			
108	NTQ: Percent of Sales, Extra Cost	100% TQ	100% TQ	
109	NTQ: Facility and Home Care Triggers	NA	NA	
110	**Combination Policies Offered**	None	Life	

See pages 12 for description of abbreviations.

UNITED OF OMAHA			UNITED SECURITY		
Assured Solutions Gold Plan	Cash First Plan	Workplace Solutions Flex Plan	LifeStyle Solutions	LifeStyle Solutions Select	Clear Advantage
800-693-6083			800-872-3044 or www.usa-cal.com		
30+Other, 30			20, 20		Home Care Only, No
Contractual After EP			Contractual Up to 50 x MDB		Contractual After EP
2x Monthly Max If Care Coordination Is Used*			APC up to 50 x MDB*		APC up to 50 x MDB*
Included Above*			5 x HC MDB		5 x HC MDB*
Included Above*			Included Above*		NA
Included Above*			Included Above*		Included Above*
NA			Included Above*		NA
Full, After UW Reqt		NA	No		
Canada & UK; Indemnity for Other (365)			No		
No			No		
Client's Choice*			Through Network		
None			None		
As Required By Law			As Required By Law		
15%			NA		
25%, 50%			25%, 60%, 100%, 200%	NA	25%, 60%, 100%, 200%
35%, 35%			20%, 20%	10%, 10%	10% Off Higher Premium, 0%
No			Yes		
Reduced			Reduced	Reduced	Lost
Reduced			Reduced	Reduced	Lost
15%			15%	10%	0%
44.75%		44.75% (Full UW): 35% (SUW); 15% (MGI)	30%	10%	10% Off Higher Premium
Current & New Spouse			Current & New Spouse	Current & New Spouse	10% Off Higher Premium
NA, 5%		10%, NA	10%, 10%	NA	NA
NA		SUW/MGI: 10, 10; Full UW: 3, 3	5, 2	NA	NA
150 (250 If Not Local), 5		NA	10, 2	NA	NA
None			M, Q, SA, A	M, Q, SA, A	NA
10, 20			NA		
65			NA		
Start at 70%, 80% or 90% of Normal; Level Increase to Age 65, Then Level Until Paid Up at 85			NA		
Elimination			Elim	Not Offered	Elim + 90
Yes, With 8 Days of Care/Month			Yes	Not Offered	Yes
Extra Cost			Not Offered	Not Offered	Extra Cost
Net, 100%	Net, 100% to Age 65, Then None	Net, 100%	NA		
NA	Either Net or Full, 100%	Full, 100%	NA		
Extra Cost			Not Offered	Not Offered	Extra Cost
10			NA	NA	No
No			NA	NA	No
Extra Cost Ends If Partner Dies			NA		
Must Leave 1 Year for Living Spouse					
Extra Cost			NA	NA	Included
Optional 6-10 Year Rate Guarantee					
100% TQ			100% TQ		
NA			NA		
Annuities			None		

2012 Long Term Care Insurance Survey

Company *(Product)*: Best Rating Class; Up to $100/Day; 90-Day Elimination Period	Without Benefit Increases Age 40	Age 50	Age 60	Age 70	5% Compound Benefit Increases Age 40	Age 50	Age 60	Age 70
90-Day Elimination / Lifetime Benefit Period			**Single Insured**					
Bankers Life *(GR-N620)*	$ 465	$ 760	$1,368	$3,080	$2,642	$3,184	$4,091	$6,454
Bankers Life *(GR-N650)*	662	1,079	1,932	4,293	3,739	4,473	5,725	8,964
Country Life *(Comprehensive)*	529	721	1,172	3,123	2,047	2,244	2,743	5,152
Country Life *(Facility Only)*	439	586	930	2,444	1,610	1,759	2,134	3,990
Genworth *(Privileged Choice Flex)*	872	930	1,389	3,478	1,960	2,116	2,953	5,607
Genworth *(Long Term Care Business Solutions)*	719	767	1,153	2,742	1,619	1,745	2,440	4,428
Knights of Columbus *(Comprehensive)*	330	608	1,060	2,560	1,230	1,733	2,420	4,482
Knights of Columbus *(Facility Only)*	172	316	657	1,792	614	865	1,441	3,012
Mutual of Omaha *(Mutual Care My Way)*	779	967	1,409	3,705	2,929	3,575	4,174	7,127
Transamerica *(Transcare II)*	529	723	1,252	2,903	2,835	3,324	4,243	7,142
Transamerica *(Transcare Worksite)*	476	650	1,126	2,613	2,552	2,992	3,819	6,428
United of Omaha *(Assured Solutions Gold Plan)*	794	987	1,437	3,779	2,987	3,647	4,257	7,269
United of Omaha *(Cash First Plan)*	723	877	1,246	3,212	2,718	3,240	3,691	6,179
United Security *(LifeStyle Solutions)*	787	847	1,377	3,238	2,999	3,073	3,524	5,616
United Security *(Clear Advantage)*	390	430	720	1,630	720	790	1,310	2,690
90-Day Elimination / Three-Year Period			**Single Insured**					
Bankers Life *(GR-N620)*	$268	$421	$749	$1,691	$1,395	$1,674	$2,150	$3,419
Bankers Life *(GR-N650)*	357	561	996	2,231	1,849	2,219	2,851	4,508
Country Life *(Comprehensive)*	319	431	689	1,755	1,285	1,411	1,735	2,913
Country Life *(Facility Only)*	251	329	505	1,267	913	998	1,220	2,036
Genworth *(Privileged Choice Flex)*	467	501	716	1,809	997	1,126	1,481	2,944
Genworth *(Long Term Care Business Solutions)*	407	436	626	1,489	869	982	1,292	2,438
John Hancock *(Custom Care III)*	333	504	855	1,989	1,962	2,043	2,385	3,753
Knights of Columbus *(Comprehensive)*	200	363	626	1,499	724	1,016	1,415	2,612
Knights of Columbus *(Facility Only)*	130	236	407	1,049	452	634	883	1,755
MassMutual *(500 Series)*	329	482	798	1,931	1,661	1,699	2,065	3,546
MedAmerica *(Flex Care)*	248	409	734	1,656	1,355	1,652	2,100	3,283
Mutual of Omaha *(Mutual Care My Way)*	381	475	701	1,838	1,432	1,756	2,075	3,536
Mutual of Omaha *(Mutual Care at Work)*	287	358	528	1,386	1,134	1,391	1,643	2,799
State Farm Mutual Auto	358	548	944	1,969	2,356	2,515	2,834	4,125
Transamerica *(Transcare II)*	320	411	685	1,622	1,113	1,328	1,795	3,017
Transamerica *(Transcare Worksite)*	288	370	617	1,460	1,002	1,195	1,616	2,715
United of Omaha *(Assured Solutions Gold Plan)*	388	485	715	1,875	1,461	1,792	2,116	3,606
United of Omaha *(Workplace Solutions Flex Plan)*	311	390	576	1,492	1,229	1,511	1,792	3,014
United Security *(LifeStyle Solutions)*	508	574	939	1,937	2,188	2,251	2,617	3,523
United Security *(LifeStyle Solutions Select)*	1,607	1,812	2,918	5,615	7,151	7,289	8,243	10,821
United Security *(Clear Advantage)*	300	330	550	1,240	540	590	980	1,990
90-Day Elimination / $100,000 Benefit Pool			**Single Insured**					
American General	$435	$491	$761	$1,820	$1,026	$1,150	$1,576	$2,984
MedAmerica *(Simplicity II)*	254	466	917	2,017	1,303	1,716	2,404	3,744
United of Omaha *(Cash First Plan)*	372	455	656	1,682	1,399	1,680	1,943	3,236

Without Benefit Increases				5% Compound Benefit Increases			
Age 40	Age 50	Age 60	Age 70	Age 40	Age 50	Age 60	Age 70
Married Couple							
$ 605	$ 988	$1,778	$4,004	$3,435	$4,139	$5,319	$8,391
869	1,424	2,602	6,040	4,910	5,902	7,712	12,609
706	961	1,563	4,165	2,729	2,992	3,657	6,870
585	781	1,240	3,259	2,147	2,345	2,845	5,319
1,090	1,163	1,736	4,348	2,450	2,644	3,692	7,009
899	959	1,442	3,428	2,024	2,181	3,050	5,535
561	1,034	1,802	4,353	2,091	2,946	4,115	7,620
292	538	1,117	3,047	1,044	1,471	2,449	5,121
1,012	1,258	1,832	4,816	3,807	4,648	5,426	9,265
784	1,071	1,856	4,303	4,204	4,927	6,290	10,587
706	964	1,670	3,873	3,784	4,434	5,661	9,528
1,032	1,283	1,868	4,912	3,884	4,741	5,534	9,450
939	1,140	1,620	4,175	3,534	4,212	4,799	8,033
1,260	1,356	2,204	5,019	4,798	4,916	5,639	8,986
741	817	1,368	3,097	1,368	1,501	2,489	5,111
Married Couple							
$ 348	$ 548	$ 974	$2,198	$1,814	$2,176	$2,795	$4,444
468	736	1,329	3,047	2,428	2,913	3,802	6,161
425	574	919	2,340	1,713	1,881	2,314	3,884
335	438	674	1,690	1,217	1,331	1,626	2,714
584	626	895	2,261	1,246	1,408	1,852	3,681
509	544	783	1,862	1,086	1,228	1,615	3,048
481	728	1,235	2,873	2,834	2,951	3,445	5,421
340	617	1,064	2,548	1,230	1,728	2,406	4,440
221	401	692	1,784	768	1,078	1,501	2,884
461	674	1,117	2,703	2,325	2,379	2,891	4,965
348	572	1,028	2,318	1,898	2,313	2,940	4,596
495	618	910	2,389	1,862	2,283	2,697	4,596
373	466	687	1,801	1,474	1,808	2,135	3,639
501	767	1,322	2,757	3,298	3,521	3,968	5,775
474	609	1,016	2,404	1,651	1,968	2,662	4,472
427	548	914	2,164	1,486	1,771	2,396	4,025
505	630	929	2,437	1,899	2,329	2,751	4,688
405	506	749	1,939	1,598	1,965	2,329	3,918
812	919	1,503	3,100	3,501	3,601	4,188	5,637
2,893	3,262	5,253	10,107	12,871	13,121	14,837	19,477
570	627	1,045	2,356	1,026	1,121	1,862	3,781
Married Couple							
$ 578	$ 655	$1,015	$2,426	$1,368	$1,533	$2,101	$3,979
305	559	1,100	2,421	1,563	2,059	2,885	4,493
483	591	853	2,187	1,819	2,183	2,526	4,206

shows the minimum and maximum policy size that will be issued. The range is shown on a weekly or monthly basis only if home care, assisted living facility care and facility care are always sold on a weekly or monthly basis. Most policies showing a daily benefit range offer an option to determine the benefit on a monthly basis and some issue a daily benefit for one level of care and a monthly benefit for another level of care. The cost of monthly determination of benefits can be reflected in an additional premium and also a reduction in the annual maximum benefit from 365 times the daily benefit to 360 times the daily benefit.

Benefit Period (BP). Only nine participants, down from 11 last year, offer a lifetime benefit period. Four participants offer LTCI policies with BPs as short as one year. The partnerships make one-year benefit periods more common.

Elimination Periods (EP). A cumulative EP means that the requirement could be satisfied in stages. For example, if the policy has a 180-day EP and the policyholder needed qualified care for only 100 days, the remaining EP would be 80 days. A vanishing EP means that once the EP is satisfied, it never has to be satisfied again. One carrier offers a product with a non-vanishing and recurring EP and another has a product that has a non-cumulative EP.

Eight insurers have products that include a calendar-day EP automatically. Calendar-day EP costs more than otherwise-identical service-day EP, but it has the following advantages:

- ✔ *Clarity.* Unfortunately, even if clients understand service-day EP today, they may forget by the time they go on claim. A calendar-day EP may reduce the potential for disputes, especially if it does not require a paid day to start counting.
- ✔ *Flexibility.* It is hard to predict what finances, family status and preferences will be at the time of a future claim. Calendar-day EP allows a family to satisfy the EP with family care or perhaps informal care that would not satisfy a service-day EP.

Row 34 indicates whether the insurer

Row 34 indicates whether the insurer offers a shorter elimination period for home care and, indicates if home care service days count toward ("retire") the elimination period for facilities.

• **Policy Benefits** *(rows 35-47).* Row 37 shows how home care benefits are determined. For policies that limit benefits to incurred expenses (reimbursement policies), monthly determination of benefit payments allows more benefit flexibility than does daily determination. With monthly determination, if less than any daily maximum is used one day, the unused amount for that day can fund additional reimbursement for a day in that month on which more than the daily maximum is spent.

Row 38 indicates whether the facility benefit is an indemnity benefit and, separately, whether the home care benefit is indemnity-based, each either automatically or optionally at additional cost.

An indemnity provision pays the full daily benefit on days when a qualified service is incurred, even if that full benefit exceeds the qualified expense. On days when there is no qualified expense, no benefit is paid. However, the term "indemnity" has been used in a variety of ways in the LTCI industry.

Row 39 shows whether a product is sold with a disability benefit automatically or as an optional feature. A disability provision (often called a cash benefit) pays the full benefit if the person satisfies the policy triggers, even if no qualified expense is incurred.

Row 40 shows whether a product automatically includes or offers an alternative that allows a client to accept a lower benefit that is disability-based rather than having the full reimbursement benefit available. For example, if a caregiver is a teacher and can provide all the care needed during the summer, the client might use the alternative cash benefit at that time, then shift back to reimbursement benefits during the school year.

Row 41 shows whether a product includes or offers to pay (at additional cost) a disability benefit *in addition* to the normal reimbursement benefit.

Rows 42 and 43 indicate the ratio of the maximum daily benefit for assisted living claims and home care claims as a percentage of the maximum daily benefit for a nursing home claim. Entries of 100 percent in these rows indicate that the maximum daily benefit is the same for all levels of care. Some products offer home care benefits that can exceed facility benefits.

Row 44 indicates coverage for independent professionals *(such as nurses not affiliated with a home care agency)* and also coverage for independent non-professionals *(someone without professional credentials who earns money by providing personal care, but is not employed by a home care agency).* "Same" indicates that the same maximum benefit applies for an independent professional as for someone employed by a home care agency. Some products don't cover such services directly, but alternative cash benefits or excess indemnity benefits could be used to pay for such services.

Row 45 describes homemaker coverage. Some products cover homemaker services only if they are incidental, which generally means that homemaker services must be provided by the same person who provides personal care and during the same visit.

Rows 46 and 47 describe whether (how) benefits might be used to pay an informal caregiver such as a neighbor or a family caregiver with no expertise requirement beyond perhaps rudimentary training. These rows do not reflect caregiver training services (see Ancillary Benefits).

• **Benefit Increase Features** *(rows 48-54)* describe level premium automatic benefit increase features and future purchase options *(FPO)* which result in either attained age, or less steep, premium increases.

Rows 49 *(Compound Increases)* and 50 *(Simple Increase, i.e. equal)* show level premium features which increase maximum benefits as long as the policy exists. Row 51 shows other types of level premium benefit increases. A "Yes" listing in row 52 means that compounding ignores claims, then the sum of past claims is deducted to determine the remaining lifetime maximum benefit. With such a policy, if an insured draws full benefits each day, a five-year benefit period would extend to five years, eight months and an eight-year benefit period would extend to nearly 10 years. If the pool is increased after claims are deducted, the nominal benefit period remains constant during the claim period if the policyholder uses full benefits each day.

Rows 53 and 54 describe three approaches for increasing maximum benefits: (1) FPOs; (2) options to buy level premium increase features in the future ("deferred"); and (3) step-rated features, in which future increases of coverage generate premium increases as well.

The asterisked abbreviations in Table 17 (on page 64) are used to convey the frequency and amount of the increases, when such offers stop and how premiums increase when benefits increase. It is not possible to fully explain such features in limited space.

• **Other Comments** *(rows 55 and 106).* See row 106 on page 28.

• **Ancillary Benefits** *(rows 59-66)* provides information regarding bed reservation, respite care, alternative plan of care, home modification, caregiver training, emergency alert, equipment, drug and ambulance benefits.

The bed reservation and respite benefits (row 60) show the number of bed reservation days per policy year, and "+Other" means bed reservation is not limited to situations in which the insured person is hospitalized.

The exhibit also indicates how many days of respite benefits are available without satisfying the EP. Respite relieves a family caregiver who keeps the care recipient off claim. If such a caregiver needs a "break" or to take a trip, it would be aggravating to face an EP that would have already been satisfied if the family had hired a commercial caregiver in the past.

A calendar-day EP can be satisfied while the family caregiver provides care. By the time respite is needed, the EP should be over. Thus, a calendar-day EP makes a respite care benefit nearly meaningless.

"APC" entries indicate that the feature is part of an alternate plan of care benefit and typically requires satisfying the EP before obtaining benefits. Satisfaction of an EP is less likely to be required for ancillary benefits with non-APC provisions. To find out if an EP must be satisfied, ask the insurer.

Frequently, two or three types of ancillary benefits share a combined maximum benefit. "Included above" identifies such packaged benefits. We asterisk items that are linked in such fashion. We also asterisk items provided as part of enhanced care coordination. In such cases, we put a corresponding asterisk in the Care Coordination row *(row 71)*.

Ancillary benefits are often limited to a percentage of the daily/monthly facility/home care benefit. The ancillary benefits are lifetime maximums unless there is a "/yr", "/mo", or "/plan" indication.

• **Claims Issues** *(rows 67-73). Conditional Receipt Protection* describes if/how the insurer protects an applicant for change of health that occurs subsequent to signing the application. "Full, after app" indicates that conditional coverage starts on the date of application. "Full, after UW reqt" means that coverage starts after underwriting requirements are completed. Readers are advised to review insurers' specific wording and ask questions. For example, for joint policies, neither applicant may have conditional coverage unless both applicants qualify.

Coverage Beyond USA (row 69) reflects the maximum number of days of international coverage. For example, "International (365)" means that, outside the U.S., 365 days of coverage are available. "NH 75%/4 yrs" means that benefits are paid for nursing home confinement up to 75 percent of the MDB with a four-year benefit period. "75% (365)" means international coverage pays up to 75 percent of the daily benefit for up to 365 days. Some reimbursement policies may provide a disability (cash) benefit when the claim is foreign.

Some insurers' claimants may currently benefit from negotiated discounts from LTC providers *(row 70)*. Such discounts cannot be guaranteed today to exist in the future.

Care Coordination (rows 71-72) describes whether care coordination is available and if so, whether it is provided by insurer staff, independent professionals contracted by the insurer or by someone chosen by the insured. The display also shows limitations regarding care coordination, and asterisks indicate that the use of care coordination improves benefits asterisked elsewhere in the display.

Row 73 indicates whether an insurer has extended *Independent Review* (IR) beyond regulatory requirements. Some insurers have extended IR to states which have not required IR or to in-force policies or might instigate IR without waiting for the policyholder to request IR.

• **Premiums and Discounts** *(rows 74-87)* lists the percentage discount for the insurer's lowest-priced rating classification compared to its second-lowest-priced rating classification (often called *preferred* vs. *standard) (row 75)* and the percentage extra cost (also compared to the second-lowest-priced rating classification) for any other rating classifications (row 76).

Row 77 shows the amount of discount if both spouses or a pair of significant others purchase coverage. If couples' discounts require that both people have the same coverage, there is a "Yes" in row 78. A decline for a reason other than a knockout health condition that should have kept the application from being submitted is called a "surprise" decline. When one spouse is a surprise decline, most carriers remove or reduce the discount for the other spouse *(row 79)*. Row 80 indicates what happens to the discount when the spouse answers "Yes" to a knockout question.

Discounts are shown that apply for a married person whose spouse does not apply in row 81. Row 82 indicates the maximum discount that a couple the same age, both in the most favorable risk classification and both buying, can get compared to two people who are single and in the second-most-favorable risk classification.

Later Marriage Earns Discount For (row 83) indicates what happens if a person buys LTCI while single, then marries someone who buys LTCI. The "Current" insured's original premium may be reduced prospectively *and* the "New" spouse may enjoy a full "Married Couple, Both Buy" discount.

There are many other subtleties relative to couples' discounts, such as if one policy lapses, if a single person enters a non-spouse relationship, if there is a divorce or legal separation, and whether discounts apply to other family members living together.

Row 84 indicates the most common employer and affinity discounts. Row 85 shows the minimum number of employees a business must have to be eligible for a discount and the minimum number of applications required for the employee group to earn the discount. Row 86 shows the minimum number of members an affinity group must have to be eligible for a discount and the minimum number of applications required for the group to earn the discount.

Row 87 shows for what payment frequencies (if any) credit cards are acceptable. If credit card payment is limited to the first payment, such limitation is indicated in the display.

• **Non-Level Premiums** *(rows 88-91)* show alternative premium patterns that result in the policy being paid up or premiums grading up or eventually lowering, in ways that are not related to benefit increases.

• **Waiver of Premium** *(rows 92-95)* might begin *(row 93)* after: (1) a specified number of service or calendar days or (2) satisfaction of the EP or a specified number of service days after satisfaction of the EP.

Home Care Waiver of Premium (row 94) may or may not be provided or may be offered at additional cost.

Joint Waiver (row 95) may be automatically included, available at additional cost by itself, available at additional cost combined with another feature such as survivorship or included only with shared care.

• **Return of Premium Riders** *(rows 96-98).* Each company was permitted to detail two ROP riders. *"Net"* means premiums are only returned to the degree that they exceed claims. *"Full"* means that all premiums are returned regardless of claim activity. If the full calculated amount is paid no matter when the insured person dies, it is indicated by "100%." "Grades To" indicates that the death benefit grades up to—or down to—the indicated percentage of the full calculated amount by a specified duration or attained age.

• **Other Riders and Features** *(rows 99-105).* Survivorship features *(survivor pays no premium after the partner's death, rows 100-102)* are described, indicating whether they are automatically included or optional, how long both partners must survive for survivorship to apply upon the first death, and whether a requirement exists that the insureds had no claim for that specified period.

Shared Care (row 103) shows what happens to the survivor's shared care premium when one spouse dies. *"Permanent Extra $"* means that survivors continue to pay their shared care extra premium. "Extra cost ends if partner dies" indicates that survivors stop paying the premium for the shared care rider (but continue to pay the premium for the base policy).

Most commonly, each insured has access to the other insured's unused benefits if they use up their own benefits. However, in some cases, both partners have their own pool and a third common pool is provided by rider, in which case *"Third Pool"* is shown in row 103.

Row 104 describes *Other Shared Care Benefits*. For example, joint waiver of premium might automatically apply. Third-pool shared care features do not permit claimants to invade the normal benefit pool of their spouse. When shared care does not involve a third pool, row 103 notes whether the insurer requires claimants to leave a portion of their spouse's benefit period untouched, so that the spouse is assured of having one or two years of coverage if needed. (Note: some states mandate such "protection" for spouses; state mandates are not reflected in the display.) Generally, such a requirement expires on the spouse's death. Some shared pool shared care provisions protect insureds, to some degree, from the risk that their spouse depletes their coverage entirely.

Whether *Restoration of Benefits* is automatically included or available at additional cost is reflected in row 105. Restoration of benefits restores the original benefit period if, generally, claimants have not been chronically ill for a period of 180 days.

• **Other Comments** *(rows 56 and 106)* provides some unique information about some insurers' products, which may include:

Special discounts or the availability of dividends.

Special underwriting programs for worksite cases.

Premium guarantees, electronic apps or other service features.

Special features or riders, the availability of home care only or facility only coverage, absence of war exclusion, etc.

• **Non-Qualified Policies** *(NTQ) (rows 107-109)* provides information about NTQ policies, which do not qualify under HIPAA because their claims triggers are broader than permitted for tax-qualified (TQ) policies. Row 108 indicates either *"100% TQ"* or shows the percentage of sales which are NTQ and the additional premium required *(ranges from 6 to 10 percent).* Row 109 shows the type of facility and home care triggers. *"Triple Trigger"* means that a medical necessity trigger is available as an alternative to ADL and cognitive impairment triggers.

Row 110 shows the types of combo policies that an insurer has available. Combo products offer LTCI benefits in the same policy as life insurance, annuity or disability benefits.

Premium Rate Details

The premium exhibit (on page 24) reflects each carrier's lowest-priced underwriting class. As the percentage of policies in this class ranges from 7.6 to 100 percent, the prices should not be presumed to be comparable. The exhibit shows level annual lifetime premiums for issue ages 40, 50, 60 and 70 for married couples (assuming both buy and are the same age) and for single people, based on policies with the following features:

• **$100 per day (or equivalent weekly or monthly) benefit for all levels of care.** The exhibit includes home care only and facility only policies, as well as comprehensive policies.

• **90-day elimination period**.

• **Three-year benefit period and also lifetime benefit period.** Policies based on a defined lifetime maximum, rather than a three-year benefit period, are listed separately and the maximum lifetime benefit is $100,000.

• **With no automatic benefit increases and, separately, with automatic 5 percent annual compound benefit increases for life**.

If one spouse was younger, most insurers' premiums for the couple would be lower, but some insurers' premiums would remain unchanged because their price is based solely on the older person's age.

Closing

We thank insurance company staff for submitting the data and responding to questions promptly. We also thank Nicole Gaspar of Milliman for managing the data expertly.

We reviewed data for reasonableness and insurers reviewed their product exhibit displays. Nonetheless, we cannot assure that all data is accurate.

If you have suggestions for improving this survey (including new entrants in the market), please contact one of the authors.

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