



LTC Knowledge

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20-03397

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Asset Care Form numbers: ICC18 L302, ICC18 L302 JT, ICC18 L302 SP, ICC18 L302 SP JT, ICC18 R537, ICC18 R538, ICC18 SA39 and ICC18 R540; L302, L302 JT, L302 SP, L302 SP JT, R537, R538, SA39 and R540. Annuity Care and Annuity Care II Form numbers: SA34, R508; SA35; ICC15 SA35, ICC15 R521 PPA ND, ICC15 R521 PPA, ICC15 R522 PPA. Indexed Annuity Care Form numbers: SA36, R529 PPA, R529, R530 PPA and R530; ICC14 SA36, ICC14 R529 PPA, ICC14 R529, ICC14 R530 PPA & ICC14 R530.

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Any individuals used in scenarios are fictitious and all numeric examples are hypothetical and were used for explanatory purposes only. Please note that the replacement of an existing life insurance contract or an annuity must not be made unless all factors are weighed and it is documented as suitable for the client.

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What is Long-Term Care?

Long-term care (LTC) is a range of services and supports you may need to meet your personal care needs.

Most long-term care is not medical care, but rather assistance with the basic personal tasks of everyday life, sometimes called Activities of Daily Living (ADLs).

[U.S. Department of Health and Human Services. https://longtermcare.acl.gov/the-basics/what-is-long-term-care.html](https://longtermcare.acl.gov/the-basics/what-is-long-term-care.html)

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LTC Industry Timeline

- 1970s & 1980s – Most insurers only covered nursing home care
 - Only a small number of insurers providing coverage
 - \$20-30 billion in LTC expenditures¹
- 1988 – Asset Care introduced
 - Pioneer in asset-based LTC industry
 - Life insurance chassis
- 1990s – Home health care and community-based coverage added¹
 - Further increased demand for these products
- 1998 – Annuity Care introduced
 - Annuity chassis
- 2002 – 5.6 million Americans insured, \$6.9 billion in premium¹
- 2010 – Pension Protection Act (PPA), tax-free LTC from NQ annuities
- 2020 – 7.5 million Americans have an LTC policy²
 - Over \$225 billion in LTC expenditures

¹NAIC, The State of Long-Term Care Insurance, 2016, http://www.naic.org/cipr_special_reports.htm

²American Association for Long-Term Care Insurance, 2020, www.aaltci.org

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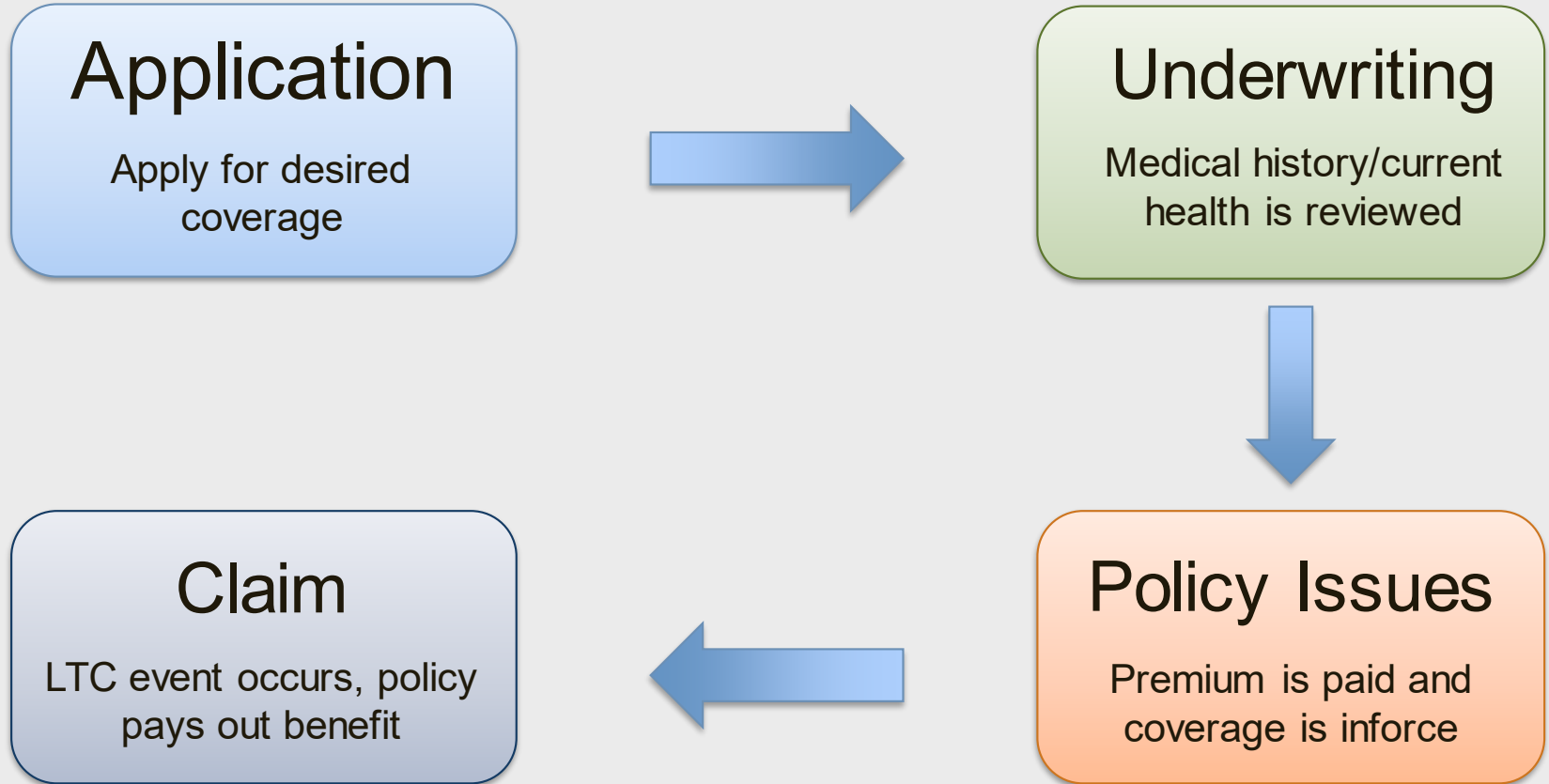
Meet Jerry and Sue

- Both 60 years old
- Retiring in 5 years
- They want LTC protection in retirement plan
- What does their journey look like?



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LTC Journey



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Application and Underwriting Process

Where do we
start?



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LTC Application Process

- LTC illustration(s) presented
 - Determines coverage amount
- Personal info and medical history collected
 - Needed to underwrite applicant(s)
 - Paper or electronic application (eApp)
- Application submitted to home office
- Underwriting requirements ordered
 - Tele-interview, paramedical exam, etc.

With
eApp,
you can:

1. Obtain signatures electronically.
2. Run illustrations to prefill applications.
3. Automatically order LTCG tele-interview.
4. Eliminate application errors, no NIGOs.
5. Reduce processing time by two to five days.

Place your order with one click!

No more calls for tele-interview orders! The **new auto-order button** automatically places your order with just one click. Your client will receive an email with a link to schedule their interview.

Part II Medical Interview

A client interview is required to complete this application.

[Click here to order interview](#)

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Underwriting Terms

- **Pre-Underwriting**
 - Pre-screen clients based on their health prior to applying
- **Ineligible Impairments**
 - Knockout conditions, unable to be insured
- **Face Amount and Age Chart**
 - Age and life insurance death benefit amount impact underwriting requirements
- **Height/Weight Chart**
 - Certain height/weight ratios require full underwriting
- **Phone Health Interview (PHI)**
 - Medical history, health status, cognitive assessment (possibly), etc.

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Underwriting Terms *(cont'd)*

- **MIB Report**
 - Coded health information provided to MIB by member company from previous insurance applications
- **Drug Script Report**
 - Rx list
- **Amount to Underwrite¹**
 - Net Amount at Risk
 - Death benefit/LTC benefit minus premium
- **Paramedical Exam (Paramed)**
 - Height/weight measurements, blood pressure, blood draw, etc.
 - Done in person
- **Senior Assessment Exam**
 - Basic paramedical exam, but including ADL questions and cognitive exercises

¹unique to OneAmerica

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Underwriting Terms *(cont'd)*

- **Attending Physician's Statement (APS)**
 - Additional source of medical background info
- **Morbidity and Mortality**
 - Likelihood you'll get sick vs life expectancy
- **Table Rating**
 - Tables 1-8, A-G
 - Higher the number, higher the risk
- **Risk class**
 - Preferred (no table rating)
 - Tobacco or Nontobacco
 - Standard (table rating)
 - Tobacco or Nontobacco
- **Certificate of Insurability**
 - Proof of good health

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The Policy

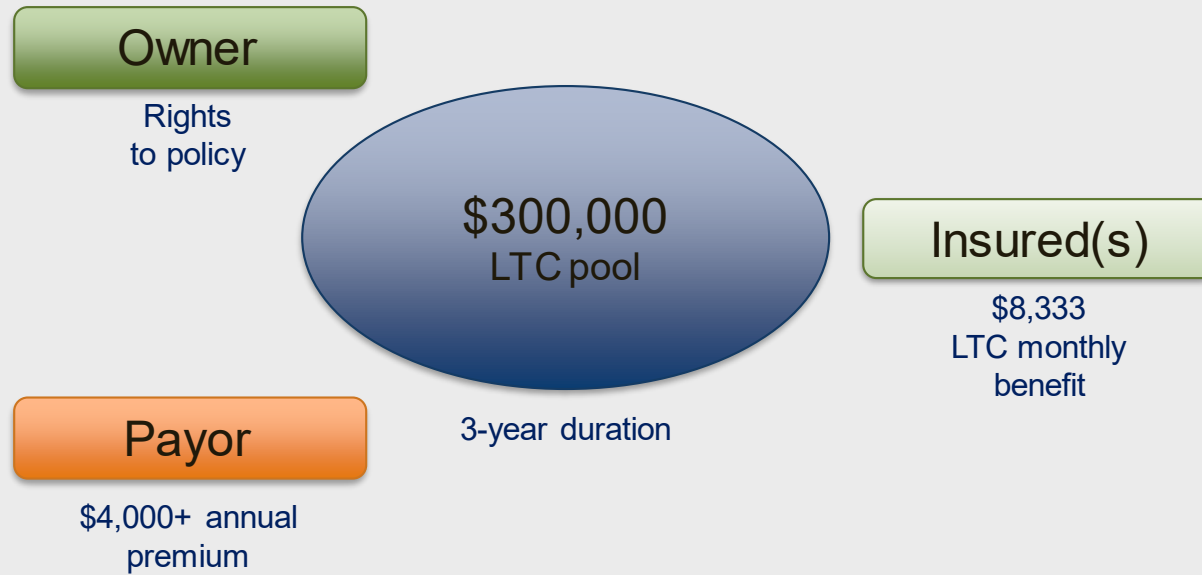
What's next for
Jerry and Sue?



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Policy Structure

Traditional LTC example

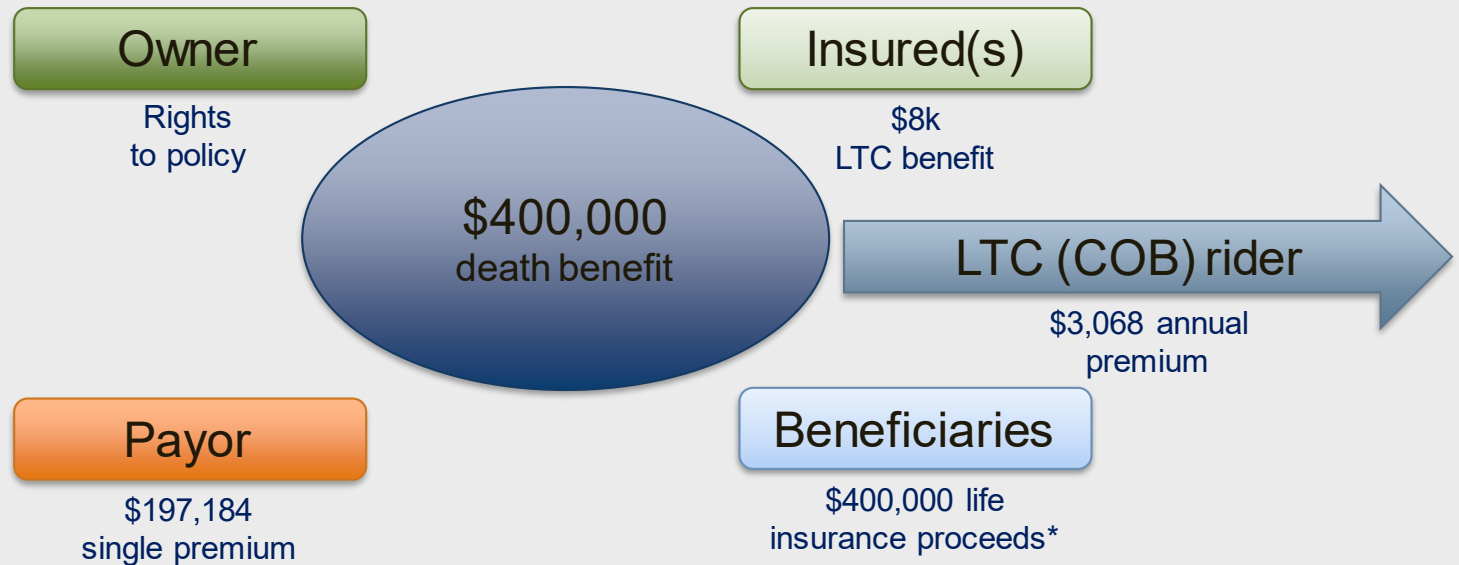


Values are hypothetical

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Policy Structure

Hybrid life/LTC example

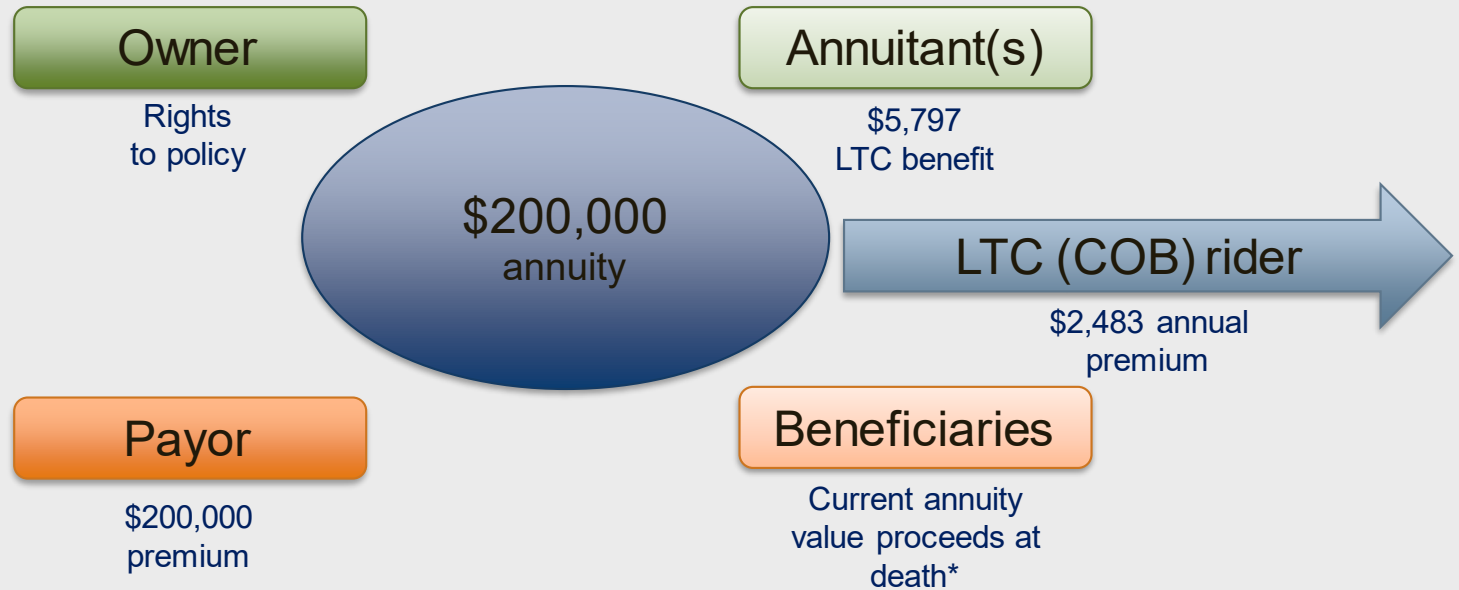


*if death benefit not exhausted for care

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Policy Structure

Hybrid annuity/LTC example



*if annuity not exhausted for care

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Key Policy Definitions

Issue Date

Date application is approved

Free Look

Timeframe policy can be cancelled & premium returned

Elimination Period

Timeframe before benefits are payable

Policy Effective Date

Date coverage begins

Pre-Existing Condition

Medical illness/injury prior to starting policy

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Key Policy Definitions *(cont'd)*

Reimbursement

LTC benefit paid equals
actual expenses

Waiver of Premium

Premiums are waived
when claim begins

Indemnity

Full monthly benefit paid
regardless of expenses

Nonforfeiture Benefit

Return of LTC premium
if policy surrendered

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The Claim

Sue experiences an LTC event, what happens now?



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Activities of Daily Living (ADLs)

Bathing

Eating

Continence

ADLs

Toileting

Dressing

Transferring

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Key Claim Definitions

Loss of
Functional
Capacity

Can't perform any 2 ADLs
w/out Substantial Assistance

Severe
Cognitive
Impairment

Deficiency in memory,
orientation, reasoning,
etc.

Chronically Ill
Individual

Can't perform ≥ 2 ADLs or
severe cognitive impairment;
care needed for ≥ 90 days

Substantial
Assistance

Hands-on or standby
assistance for ADLs

Substantial
Supervision

Constant supervision
due to severe cognitive
impairment

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Key Claim Definitions *(cont'd)*

Informal
Caregiver

Non-licensed individuals
providing care (family,
friends, etc.)

Home Health
Care Agency

Provides LTC services
in home

LTC Facility

Nursing home and assisted
living facility

LTC Benefit

Amount payable
for LTC services

Skilled
Caregiver

Licensed to provide
LTC services

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LTC Services and Benefits

Alternative Care Benefit

Annual Bed Reservation

Annual Respite Care

Assisted Living Facility

Care Coordination
i.e. CareScout

Caregiver Training

**Continuing Care
Retirement Community**

Homemaker Services

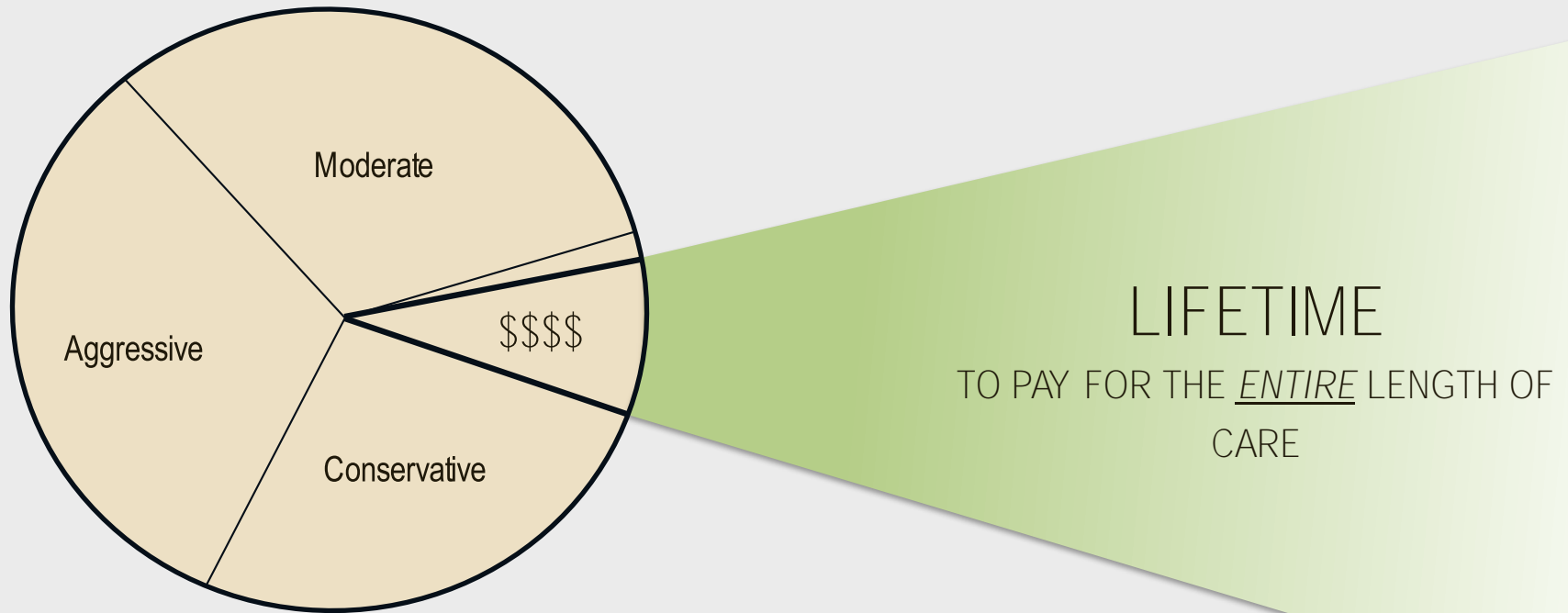
Hospice Care

Supportive Equipment

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Concept example

How do we create an income stream to close the “gap”?



Typical portfolio assets:

Aggressive-assets positioned for significant growth with the acceptance of the risk of loss of principal

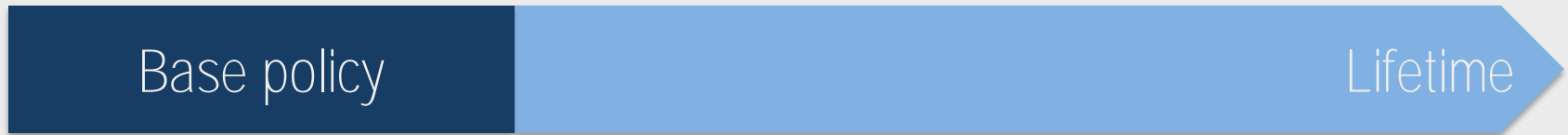
Moderate-assets positioned for some growth with the acceptance of some downside risk

Conservative--assets positioned for conservation of principal—often with guarantees

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The asset-based LTC concept

How do we create an income stream to close the “gap”?



Life insurance or annuity

Funding:

- Cash lump sum
- Annual premiums
- Nonqualified annuities
- Qualified money
- Cash value life insurance

Rider (continuation of benefits) policy

Funding:

- Cash single premium
- Fixed annual premium

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Care Solutions Portfolio

Asset Care®

Whole life insurance with LTC benefits

Single Premium

Cash equivalents, like-to-like 1035 from life policy

Single Premium w/ ROP

Cash equivalents, like-to-like 1035 from life policy

Annuity Funding WL

Qualified funds, non-qualified annuities

Recurring Premium

Annual Premium— 5-pay, 10-pay, 20-pay, or pay to age 95

Annuity Care®

Single premium annuity with LTC benefits

Annuity Care

Cash, qualified money, existing non-qualified annuities via 1035 exchange

Annuity Care II

Cash, existing non-qualified annuities via 1035 exchange

Indexed Annuity Care

Cash, qualified money, existing non-qualified annuities via 1035 exchange

Legacy Care®

Single premium deferred annuity

Designed for the retiree market

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Talk to your clients about LTC today!

If you have questions, please reach out to your
back office, OneAmerica Internal Sales Partner,
or CareSolutionsTraining@oneamerica.com.

Thank you for attending!

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