



2016 INDUSTRY UPDATES

MARK RANDALL,
GOLDENCARE

JUMP INTO COMPANY UPDATES

- We saw a lot of changes in 2016

MEDAMERICA STARTED 2016 WITH A BANG

- Bill Naylor announced:
- “It is with great disappointment that I inform you that the MedAmerica Companies will be discontinuing sales of our long term care insurance and short term care insurance products, effective February 15, 2016.”

GENWORTH SUSPENDS LIFE INSURANCE SALES, PLANS RESTRUCTURING FEBRUARY 4, 2016

- Henrico County-based insurance company Genworth Financial Inc. said Thursday that it is suspending sales of some products and planning a restructuring after the company posted a loss for the fourth quarter and full year of 2015.
- Genworth said it would suspend sales of its traditional life coverage and fixed-annuity products in the first quarter of this year, so the company can focus on fixing a business unit that provides long-term care coverage.

GENWORTH BULLETIN, JUNE, 2015

On July 20, 2015, Genworth Life Insurance Company will enhance our Flex 3 product in 35 states. The following outlines the product enhancements:

- Reducing base rates as much as 10%.¹
- Adding an Informal Care option for Homemaker and Chore Care. This benefit reimburses Informal Care for Homemaker and Chore Care up to 50% of the Home and Community Care Benefit.
- Adding the option to drop Waiver of Premium to reduce premiums.
- Including a Refund of Premium benefit up to age 65 at no additional cost.
- Introducing an Increase Coverage option, to allow policyholders to increase coverage over time.
- Introducing a new Couple's Discount. With the enhanced Couple's Discount, if one member of a couple is issued a Flex 3 policy, they will receive a 15% Couple's Discount off of their individual rate.

GENWORTH'S CEO ON THE FUTURE OF LONG-TERM CARE INSURANCE, PUBLIC COVERAGE, AND GOING PRIVATE, NOVEMBER 30, 2016

- Genworth, the biggest seller of long-term care insurance policies in the US, has announced it will be acquired by a Chinese investor, China Oceanwide Holdings
- Dealing with our significant debt, you've got to strengthen the capital base of the long-term care company. In effect they're putting in \$1.125 billion in capital. They also are working with us on our five year plan to continue to turn the long-term care business around.

GENWORTH CONTINUED

- Ninety percent of our claims are under \$150,000, but what's killing us are the severe dementia/Alzheimer's claims.
- The \$1.2 billion we added (to reserves) in 2014 and the \$435 billion we just added are for the claims that last longer than 7 years. They are lasting a lot longer than we thought.

WHY OCEANWIDE?

- We have 47 million Americans over the age of 65.
- In China they have 225 million over 60 or 65.
- With the one child law they have very challenging demographic trends, so one of the reasons Oceanwide was interested is they wanted me to help them develop an LTC insurance business in China.

NGL ENTERS THE MARKET, JULY 2016

National Guardian Life Insurance company (NGL) designed EssentialLTC to mimic a life combo product but provides a higher long term care benefits with lower premium. This product also offers popular designs, including those listed below:

- Return of Premium
- "Reverse Combo" Feature
- Lifetime Benefits
- Single Pay and 10-pay

FEDERAL EMPLOYEE PLAN RATE INCREASE

- 274,000 enrollees saw rate increase effective October 1, 2016 Average rate increase was 83%
- 266,000 premium-paying enrollees and is paying \$14 million in claims per month for about 4,500 enrollees who are currently in claim.
- Exempt the 2016 wave of premium increases
 - Recent program enrollees,
 - Enrollees who bought their coverage when they were 80 or older,
 - Enrollees already eligible for benefits, and
 - Enrollees awaiting decisions on paid claims were

FEDERAL EMPLOYEES RATE INCREASE

- “About 172,000 of the affected enrollees made active decisions about their long-term care insurance benefits by the Sept. 30 decision deadline.
- 56 percent chose to keep their monthly premiums the same by accepting a lower level of long-term care insurance coverage
- 40 percent agreed to pay higher premiums to keep their long-term care insurance coverage the same
- 3.3 percent chose to stop paying premiums for long-term care insurance coverage

LIFESECURE

- Effective November 1, 2016, LifeSecure will discontinue sales of their long term care insurance product in the individual markets and will no longer accept LTCi applications

JOHN HANCOCK – DECEMBER, 2016

- John Hancock, one of the largest providers of this insurance, announced that it would stop selling new long-term care policies this month
- 1.2 million long-term care policies sold...

JOHN HANCOCK – HOUSE LONG-TERM CARE INSURANCE HEARING, DEC 6, 2016

- Michael Doughty, John Hancock's president, said that problems with cost, complexity and consumer demand all played a role in his company's recent decision to suspend sales of individual long-term care insurance.
- But he said weak consumer demand was the most important reason.
- The key question was, "Can you sell enough of it to cover the infrastructure for your sales teams, for negotiating with each state, all those kinds of things," Doughty said.
- He said he believes demand has been weak partly because of consumers' lack of understanding of long-term care cost risk, but more because of high, rising prices.
- If some change in policy got 50 million prospects interested in buying long-term care insurance, that would certainly change the way John Hancock looks at the market, Doughty said, in response to a question from Gerry Connolly.

PENN TREATY LIQUIDATION

- Penn Treaty was an early entrant in our industry.
- They were a “risk” company that accepted clients normal companies shied away from.
- Their original assumptions were flawed and when interest rates started dropping they were in trouble.
- PA put Penn Treaty and Network America into rehab in 2009.
- AM Best states that they have \$4B in liabilities and \$700M in assets.

PENN TREATY LIQUIDATION

- Combined, the two companies have 120,000 policyholders.
- The policies are guaranteed renewable so as long as they pay the premiums, they will have their coverage.
- Remember, this is a very small liquidation in the LH industry. We're only dealing with a shortfall of around \$3.3B. While that sounds like a lot, it's actually pretty small. If the guaranty fund assesses all the health companies it should be no big deal. However a wrinkle in this area is that the major health companies are talking about a lawsuit saying that LTCi isn't health insurance, it's actually more of a life insurance policy. While this is a long shot, if the court agrees, the hit on just the long term care companies will be heavier. So there still are questions that we don't know the answer to.

MUTUAL OF OMAHA ANNOUNCEMENT

DECEMBER 8, 2016

It's an investment that began 30 years ago when Mutual of Omaha sold its first long-term care insurance policy.

Since then, we've learned a lot about the industry. Our products have evolved. Our business has grown. And today, we're fortunate to have the industry's best sales professionals as our partners. Together, we share a mutual investment in helping people protect their families, their finances and their futures with long-term care insurance.

> Invested in the Marketplace

With the first wave of baby boomers already entering retirement and millions more poised to do the same in the coming decade, the need for LTCi is greater than ever. Sure, some other companies have left the marketplace, but we're not going anywhere. LTCi remains a core product for Mutual of Omaha and we're steadfast in our commitment to grow this business.

> Invested in You

We think the best way to earn your business is by investing in your success. And that starts with giving you LTCi products flexible enough to meet the needs of any client. We also provide the services you need

to get your business issued quickly...from an eApp and mobile quote tool to dedicated case managers and direct contact with our underwriting team. And our sales and marketing experts are always standing by to answer your questions and provide the support you need.

Coming in 2017

More Training – We're launching a new quarterly webinar series designed to keep you informed about our products, services and support.

LTC Success Tips – Watch your inbox for a bi-monthly email that provides timely tips to help you boost your sales success.

Marketing Credits Program – We'll continue to reward you with marketing credits you can use to build your business.

Prescreening Tool – There's a new tool coming your way guaranteed to make it easier to pre-screen applicants and improve your placement rate.

The background is a dark blue gradient. In the corners, there are white line-art graphics resembling circuit boards or neural networks, with lines connecting to small circles.

LEGISLATION

NAIC SEEKS LONG-TERM CARE INSURER INSOLVENCY COMMENTS, ALLISON BELL, DECEMBER, 2016

- The Financial Condition Committee recently approved a set of 2017 charges that call for the working group to "evaluate and consider long-term care... insurance and the impact of (long-term care) insurer insolvencies on the Life and Health Insurance Guaranty Association Model Act (Number 520)," according to a meeting summary report.
- The committee task force in charge of the Receivership Model Law Working Group told it to ask "interested regulators and interested parties to submit suggested issues, implications and possible solutions regarding (long-term care) insurance in receivership practices and Model Number 520."

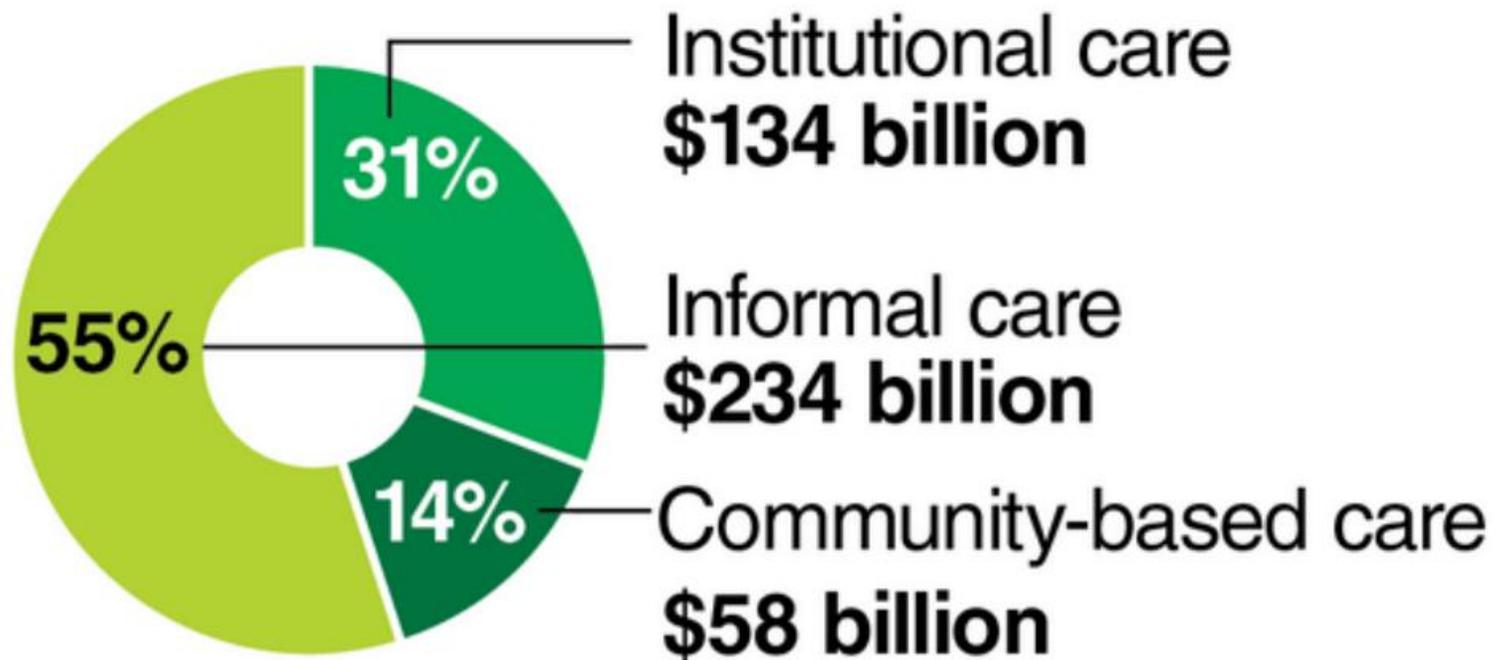
WHAT HAPPENS TO LTC IF TRUMP REMAKES MEDICARE AND MEDICAID, DEC 2016

- About 12 million Americans require long-term supports and services (LTSS), a number expected to double in two decades. More than 80 percent of that care is delivered to people in their own homes.
- Family members provide both unpaid care and support for paid assistance. But Medicaid spends as much as \$140 billion annually on long-term care—about one-third of its total budget.
- Republicans may initially look to the private long-term care insurance market to address the LTC financing problem, perhaps by creating new tax subsidies for insurance buyers.

The image features a blue gradient background with white circuit-like lines in the corners. These lines consist of straight paths that branch out and terminate in small circles, resembling a stylized PCB or network diagram. The lines are most prominent in the top-left, bottom-left, and bottom-right corners, with a few lines also visible in the top-right corner.

TIDBITS

Estimated economic value of formal and informal long-term services and supports for elderly people in the U.S., 2011



Source: Congressional Budget Office

COOL RECEIVES TOP AWARD FOR EHEALTHCARE FOR ONLINE CONTENT, DECEMBER, 2016

- WINNERS OF THE 2016 eHEALTHCARE LEADERSHIP AWARDS RECOGNIZED AT HEALTHCARE INTERNET CONFERENCE IN LAS VEGAS
Some 230 healthcare organizations, representing a broad industry spectrum, received recognition for their outstanding websites and digital communications at a special presentation in Las Vegas on November 9 during the Twentieth Annual Healthcare Internet Conference. A total of 116 professionals with healthcare and internet backgrounds judged the entries.

BEST HEALTHCARE CONTENT:

Gold – NavGate Technologies, WI. CareOptions

Gold – Hazelden Betty Ford Foundation, MN. Agency: Hazelden Publishing

Silver – Healthcare Interactive and Alzheimer's Association, MN. Dementia Basics Online Training

Silver – Beacon Health Options, VA.

Silver – Centers for Medicare & Medicaid Services, MD. Agency: CGI Federal

The image features a dark blue gradient background with white, stylized circuit board traces in the corners. These traces consist of straight lines and small circles, resembling electronic components or data paths. The text is centered in the upper half of the image.

GREAT NEWS FOR THE FUTURE

INTEREST RATE INCREASES LOOKING UP

- Bond yields have risen significantly over the past five months, with the rates skyrocketing following the presidential election. The 10-year Treasury note yield registered its biggest two-week gain in 15 years during the period ended Nov. 18. Remember, bond yields and bond prices move in opposite directions. So what's behind the surge in yields?
- First, the economy started improving in the third quarter, logging growth of 2.9 percent during the period, its fastest pace since 2014. Inflation also has picked up, with the consumer price index rising 1.6 percent in the 12 months through the end of October.
- Those numbers have led to heightened expectations of interest rate increases by the Federal Reserve. Futures market traders forecast a 95 percent chance of a rate hike next month and a 76 percent chance of at least one increase in the first 11 months of next year.

IS THE LTCI MARKET DOWN? NO!

- Individual LTCi sales are down but...
- Hybrid Sales are way up
- Alternative Plans sales are up
- Short-term LTCi sales are up

And 10,000 people turning age 65 EVERY DAY!



NEW ALTERNATIVES

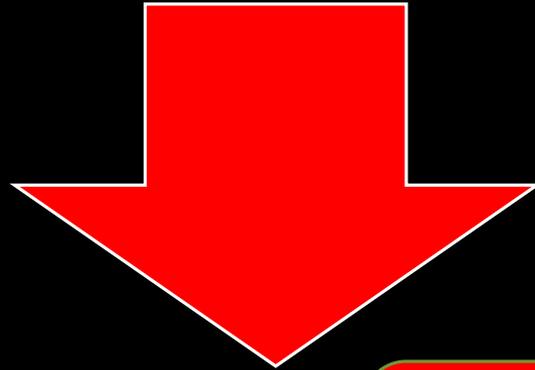
NEW ALTERNATIVES

- Key here is LTCi declines
- If not doing something – large percentage of income disappears!
- In the past that was acceptable
- Now lead cost and time investment mandates smart agents address declined clients with alternative products



CRITICAL CARE
**CRITICAL ILLNESS
INSURANCE**

WHAT CAUSES CLAIMS?



Alzheimer's, Strokes
and Cancer
represent **over 70%**
of Long Term Care
claims paid.¹

**Similar claim causes
in both policies!**

Cancer, heart attacks
and strokes caused
**80% of new critical
illness claims.**²



¹Fifth Intercompany Report prepared by the society of Actuaries, November, 2011 ²American Association for Critical Illness Insurance study conducted by Gen Re, 2011

Critical Care

CRITICAL ILLNESS COVERAGE WITH INCREASED BENEFITS FOR
ASSISTED LIVING FACILITY AND NURSING HOME CONFINEMENT.

Underwritten by
Guarantee Trust Life Insurance Company

G·T·L

A new concept to solve an old problem!

“CRITICAL CARE” SOMETHING NEW AND DIFFERENT

IT'S A BLEND OF BOTH CRITICAL ILLNESS AND LTCI BENEFITS



“CRITICAL CASH” THE NEXT GENERATION

IT'S A BLEND OF BOTH CRITICAL ILLNESS AND LTCI BENEFITS



DESIGNED FOR LTCI DECLINES

- 90+% issue rate
- Alzheimer's covered
- Covers major risks and risks LTCi don't cover
- Now recognized as one of strongest CI products in market
- No reduction in coverage – sell to age 84
- Built in restoration of benefits

A decorative graphic on the left side of the slide consists of white and light blue lines forming a circuit-like pattern. These lines are vertical and horizontal, with small circles at various points, resembling a stylized tree or a network diagram. The background is a gradient of blue, transitioning from a lighter shade at the top to a darker shade at the bottom.

SHORT TERM RECOVERY CARE

SHORT TERM RECOVERY CARE

- Not LTCi but very similar
- Normally 100–365 days of coverage
- Facility only, HHC only or Comprehensive
- Normally no inflation offered
- 5–6 good products in market
- Some almost guaranteed issue!

HYBRID PLANS

- 101(g) changes the game in 2016
- 101(g) plans no longer have to be “permanent chronic illness”
- Triggers of policy match the LTCi individual plan triggers
- This has started an introduction of new plans!



CareShield can protect your clients
THROUGHOUT THEIR LIFETIME

WHAT MAKES CARESHIELD DIFFERENT?

- Simple product with Life insurance, Chronic Illness and Terminal Illness Benefits
- Benefits will be provided regardless of whether you require care as long as premiums are paid
- You can use the money you receive for any purpose – without having to provide evidence of expenses.
- Your condition does not have to be permanent in order to be eligible for chronic illness benefits.¹

WHAT MAKES CARESHIELD DIFFERENT? –CONT.

- Continuous pay vs. single pay/limited pay options
- Your premium rates are guaranteed for life to never increase.
- Offers a built in ‘return of premium’ feature¹
- No LTC Continuing Education (CE) or licensing requirement

¹Only available at given premium refund anniversaries extending 60 days beyond each premium refund anniversary. The premium refund may not equal the sum of premiums paid. Currently, the premium refund cannot exceed 85% of the policy face amount. Insurance coverage terminates if the premium refund is exercised.

CARESHIELD MAY BE FOR YOUR CLIENT IF THEY:

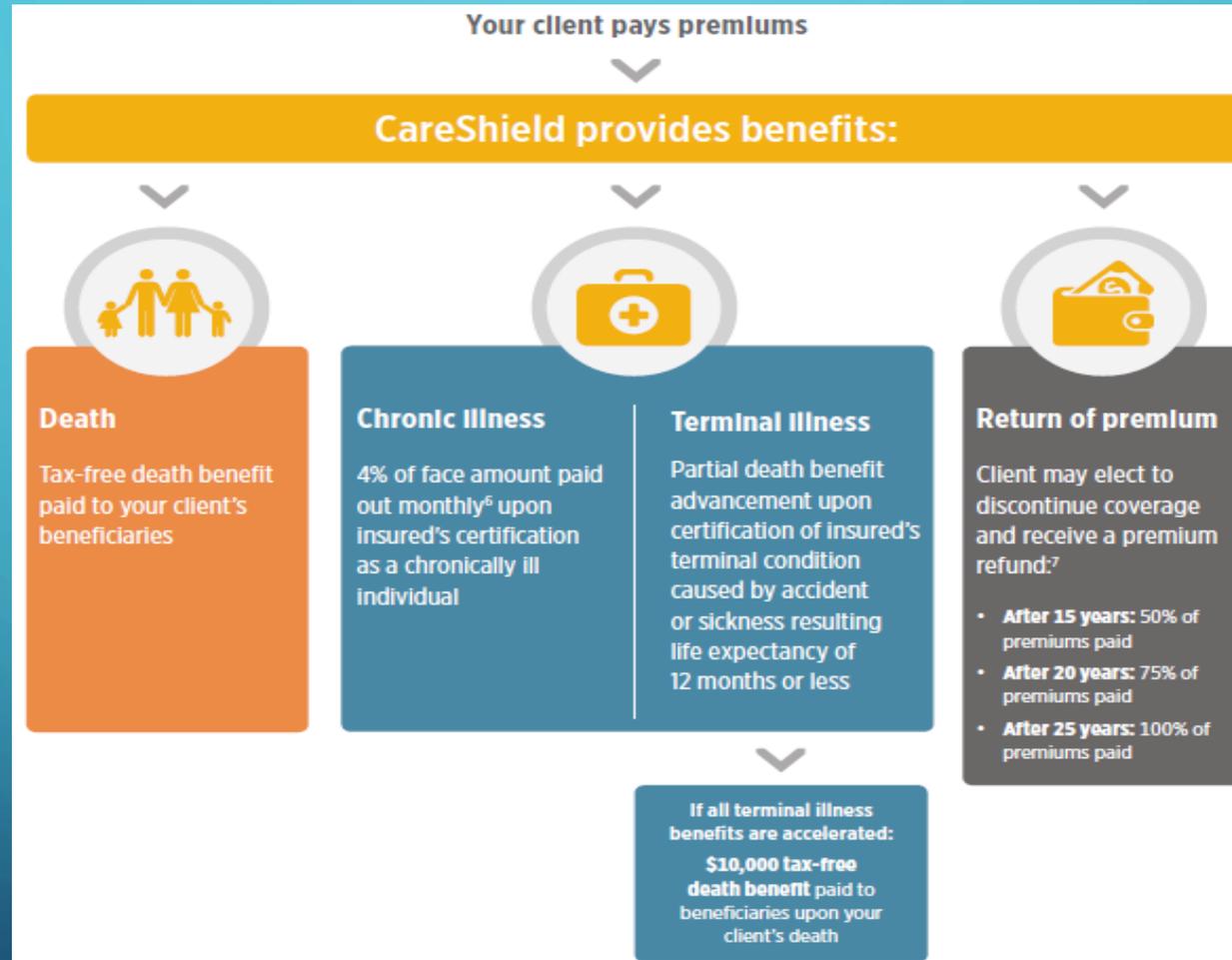
- Are concerned about potential premium increases for standalone LTC
- Want to know they will get a benefit “no matter what”
- Want a simple product that is easy to understand
- Want an option to get their money back if their needs change
- Are looking for a continuous pay solution for future care needs

CARESHIELD HIGHLIGHTS

- Issue Ages: 35 – 75
- Face Amounts \$50,000–\$500,000
- Living Benefit for Chronic Illness – max 4% acceleration
- Living Benefit for terminal illness
- Built-in Return of Premium Feature
- Guaranteed Benefits¹
- Continuous Pay, Guaranteed Premiums
- Underwriting – Preferred, Standard and 7 Table rating classes
- Simplified Online Application Process

¹As long as you pay the required premiums to keep your policy from lapsing. Insurance policy guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

HOW IT WORKS



⁶ If the 4% accelerated benefit exceeds the IRS per diem limits, the policyholder would be required to take the lesser of the two. 2016 IRS limits: \$10,200/month or \$124,100/year. Based on \$340/day for 30-day month and 365-day year. Limits are subject to change.

⁷ Only available at given premium refund anniversaries extending 60 days beyond each premium refund anniversary. The premium refund may not equal the sum of premiums paid. Currently, the premium refund cannot exceed 85% of the policy face amount. Insurance coverage terminates if the premium refund is exercised.

SUMMARY

Sales for LTCi are up when you consider the sales of alternative products added to the individual LTCi sales

And the best news...
Things are getting better and better!

GOLDENCARE – 800-842-7799

Thanks for attending

Mark Randall

What would you do if you KNEW you could do it?

www.goldencareagent.com