

Easy to sell, easy to use.

Welcome to

CareDirections
Simplicity

OFFERED BY

MEDAmerica
An Excelsus Company

MedAmerica Insurance Company of New York
Home Office: Milwaukee, WI

MedAmerica Insurance Company
Home Office: Pittsburgh, PA

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What Is the MedAmerica Insurance Company?

- A passionate, enthusiastic, committed financially successful, and stable company with a not for profit focus.
- We're service and support oriented, dedicated to Agent success and customer satisfaction.
- Able to Serve 1 or 100,000 Clients through a Full Portfolio of Innovative Individual and Multi-Life Products



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Who Is MedAmerica?

- Administrative Offices located in Rochester, New York
- Dedicated Exclusively to LTC Insurance since 1987
- Licensed in 50 states
- Subsidiary of Lifetime Healthcare Companies, A \$4 Billion Health Care Company
- Strategic Partner With Major Insurance Companies
- Top 10 Ranked in Employer Group Market (LIMRA 2002)
- Leading Insurer of State Group Plans
- Distribution Network of Over 10,000 Agents



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What about financial stability?

- *A- (Excellent) AM Best's, A- (Strong) Standard & Poor's*
- *12 Consecutive Years of Double-digit Growth*
- *Over \$50 Million Claims Paid*

Premium Stability?

- *NO Rate Increases. **EVER.***
- *Claims Experience in Line With Expectations*



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The National LTCi Landscape



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MedAmerica Insurance Company of New York
Home Office: Rochester, NY
MedAmerica Insurance Company
Home Office: Pittsburgh, PA

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The LTCi Marketplace

Most insurance is pretty easy to understand.... You use life insurance, you die, You know what you're going to get.but for long-term care insurance they are all different.

.....So I think the problem is it is too damn complicated. It is expensive but that's not the main problem for me anyway.

- Observation from *Long-Term Care Insurance Consumer Perceptions*, HIAA and LIMRA International, 2002



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The LTCi Marketplace

- **Companies Exiting Marketplace**
- **Profit Expectations Too High**
- **Sales Not Meeting Expectations**
- **Rate Increases for Existing Policyholders**

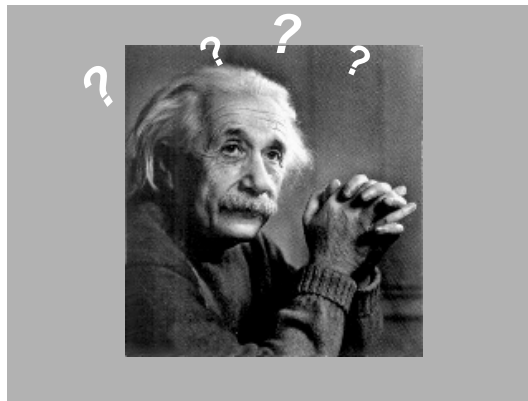


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A Difficult Product + Confusing Choices = Consumer Inaction²



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What If There Was a Policy Without:

- Provider Lists
- Provider Bills
- Restrictions OR Limitations on What, When, or Where Services are used or Who provides them **AND IT**

PAID IN CASH - IN ADVANCE



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**WELCOME TO THE NEW
WORLD OF LTCi**



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Selling LTCi
has never
been sweeter.

Introducing

CareDirections
Simplicity

- Coverage That Fits Every Lifestyle
- Individual, Affiliation, Employer-Sponsored
- Full Cash Product
- Pays for Benefits Worldwide

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What is it?

**Designed to be a Federally
Tax- Qualified
Cash Benefit Product
that actually changes the way LTCi is
bought,
sold,
and used.**



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Sales Made Easy

Three Products

Comprehensive, Facility Only and Community Only

Three Programs

Individual, Employer Program and Affiliation

One Set of Forms & Materials



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Coverage Made Easy

OTHER PRODUCTS



- LTC Providers as defined in the contract and approved by the insurer.
 - LTC Services as defined in the contract and approved by the insurer
- ✓ **ANY QUALIFIED LTC SERVICE**
 - ✓ **ANYWHERE**



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Claims made easy

OTHER PRODUCTS



1. Receive LTC Services
2. Submit Bills
3. Submit Claim Forms
4. Wait for Company to Review Bills
5. Wait for Company to Verify Covered Services & Provider
6. Receive Check

1. Submit monthly Request for Benefits

2. Receive monthly benefit



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How the Benefits Work.



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Facility versus Community MMB

If client is in a **Qualified Facility**, **Facility MMB** is paid.

Qualified Facility:

- 24 hour awake supervision, care and services for 3+ Persons
- 2 Meals Daily & Special Dietary Needs
- Assessment At Admission
- Plan of Care Developed W/ Regular Reviews & Updates

Otherwise, **Community MMB** paid.



Monthly Maximum Benefit Illustration

	OTHER PRODUCTS	Simplicity
Product Design:	Reimbursement - " Pool of Money"	Monthly CASH Benefit (paid in advance)
LTCi Benefit: Available	\$100/day	\$3,000/ month
Cost of LTC Services Received:	\$1,500	No Proof of Services Required
LTCi Benefits Paid Each Month	\$1,500	\$3,000
Annual Benefit	\$18,000	\$36,000



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Lifetime Maximum Benefit Illustration

	OTHER PRODUCTS	Simplicity
Product Design:	Reimbursement – “Pool of Money”	Monthly CASH Benefit
Lifetime Maximum	\$100/day/\$109,500 Lifetime Maximum	\$3,000/month/36 Months
Cost of LTC Services Received:	\$1,500/month	No Proof of Services Required
Monthly Benefit Paid:	\$1,500	\$3,000
Annual Benefit:	\$18,000	\$36,000
Benefit Paid In 3 yrs:	\$54,000	\$108,000
Unused Benefit:	<u>\$55,500</u>	<u>NONE</u>



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What are the benefits?*

- **Maximum Monthly Benefit (MMB):**
 - \$2100 and up in \$300 increments. **NO LIMITS** (except in NYS).
- **Community Benefit Options:**
 - 60%, 80% or 100% of Facility MMB
- **Lifetime Maximum:**
 - 24mo (2 years), 36mo (3 years), 48mo (4 years), 60mo (5 years), 84mo (7 years), or **UNLIMITED**
- **Elimination Period**
 - 30, 60, 90, or 180 **CALENDAR DAYS**
- **Inflation Protection**
 - None, 5% Compound 2X Maximum, Simple Unlimited, 5% Compound No Maximum

* Availability of benefits may vary by state.



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Optional Riders

- **Shared Premium Waiver**
- **Shared Care**
- **Restoration of Benefits**
- **Survivor Benefit**
- **NonForfeiture**
 - **Shortened Benefit Period**
 - **Return of Premium**
 - **Full Return of Premium**



Couples Options

Shared Premium Waiver Rider

Premiums Waived for Both Care Partners When One Partner Qualifies for Premium Waiver.

Shared Care Rider

One Care Partner Uses their Lifetime Maximum then shares benefits of Partner. That Partner must retain 24 months for self. Surviving Care Partner inherits any benefits of other Partner. Care Partner policies must be identical. Not available with 24 months Lifetime Maximum.

Survivor Benefit

Care Partner premium waived when a Care Partner dies if both have been insured with the rider for at least 10 years.



Other Options

Restoration of Benefits

Lifetime Maximum is restored if client is not Chronically Ill for 180 days.

Premium Payment Options

- ÿ Lifetime
- ÿ 10 Years Paid in Full
- ÿ Paid in Full at Age 65 (ages 18-55)
- ÿ Reduced Premium: Lifetime Premium Reduced 50% at age 65 or 70 (client choice). Reduction at 65 available to age 55. Reduction at 70 available to age 60.



Non-Forfeiture

Contingent N-F: Included in all contracts where other N-F not selected.

Shortened Benefit Period: If coverage has been in force 3 years, pays greater of sum of premiums paid divided by the MMB or the MMB in effect when the policy lapsed.

Return of Premium: Upon death refunds premiums paid less benefits paid or payable.

Full Return of Premium: Upon death refunds premiums paid without regard to benefits paid or payable.



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Inflation Protection Benefit Illustration

Policy Year	Age	Maximum Monthly Benefit		
		Simple 5% No Max	Compound 5% 2 X Max	Compound 5% No Max
Initial Benefit	55	\$3,000	\$3,000	\$3,000
15	69	\$5,250	\$6,000	\$6,237
20	74	\$6,000	\$6,000	\$7,960
25	79	\$6,750	\$6,000	\$10,159
30	84	\$7,500	\$6,000	\$12,966



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Factors

Community Care: 60% 80% 100%
 .92 1.00 1.12

Shared Care: 48mos 60mos 84mos
 1.16 1.14 1.10

Elimination Period: 30days 60days 90days 180days
 1.15 1.06 1.00 .95



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Discounts or Reduced Premiums

- **Care Partner Premium:**
 - 20% less than Single if one purchases
 - 40% less if both purchase!
 - (10%/20% in NY, 15%/30% in CT)
 - Care Partner Criteria: Two persons not related by blood living together for at least 12 months in a dedicated relationship. Must share the same permanent residence and be financially interdependent.*
- **Rate Class I Premium:** 15% less than standard Rate Class II
- **Employer Program:** 15% Discount - Employees and Family
- **Affiliation:** 10% Discount - Members and Family



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Discounts and Reduced Premium Illustration

Age 50, \$6,000 MMB, 36mo, 90 EP, 5% Compound

Base Premium	\$2425
Care Partner Premium (2 Purchases)	x .60
Rate Class 1 Premium	x .85
Affiliation Discount	x .90
Total Annual Premium	\$1113



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THE
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Simplicity.
ADVANTAGE

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When is 80% more than 100%?

Same as when is 80 cents is worth more than a buck.

When it's guaranteed cash!



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What a 100% Reimbursement policy offers clients:

*Receive the right services, at the right expense,
for the right number of days, send in the bills, and, if
approved, possibly get 100%.*

What Simplicity offers:

If eligible, get 80% - every month - in advance..



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**When is a 0 day Elimination Period
equal to a 30 day Elimination
Period?**

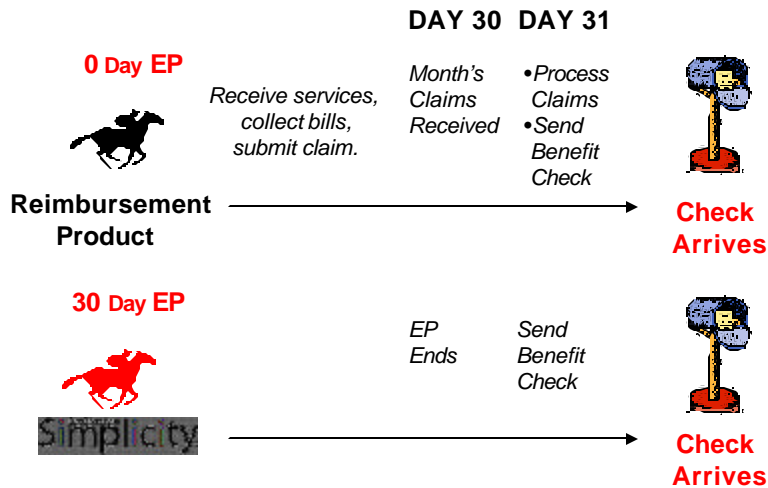
**When the benefit checks arrive
at the same time.**



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How **simplicity**'s premiums measure up

Assumptions:

- \$6,000mo MMB
 - 90 day EP
- 5% Compound Inflation
 - Standard Rates
- Care Partner Premium (2 purchasers)
 - 80% CMMB: Simplicity
 - 100% CMMB: Others

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RED MEANS  BEATS OR COMES WITHIN 10% OF COMPETITOR PREMIUMS

THREE YEAR BENEFIT PERIOD

Age	Met Life VIP Ideal Plan	'New' GE Privileged Choice	John Hancock Custom Care II	Prudential By Design
50	0	+ 14	+ 9	+ 15
55	- 5	0	- 2	+ 14
60	- 6	- 5	- 7	+ 6
65	- 5	- 6	- 15	+ 5

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RED MEANS  BEATS OR COMES WITHIN 10% OF COMPETITOR PREMIUMS

FOUR YEAR BENEFIT PERIOD

Age	Met Life VIP Ideal Plan	'New' GE Privileged Choice	John Hancock Custom Care II	Prudential By Design
50	- 9	+ 9	+ 5	+ 6
55	- 13	- 8	- 5	+ 5
60	- 15	- 12	- 17	- 3
65	- 14	- 13	- 18	- 9

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RED MEANS  BEATS OR COMES WITHIN 10% OF COMPETITOR PREMIUMS

FIVE YEAR BENEFIT PERIOD

Age	Met Life VIP Ideal Plan	'New' GE Privileged Choice	John Hancock Custom Care II	Prudential By Design
50	- 14	+ 5	+ 7	+ 3
55	- 16	- 10	- 7	+ 4
60	- 18	- 9	- 12	- 6
65	- 18	- 2	- 20	- 6

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Targeting the Right Market, Right!




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Who is the target population?


The primary targets for the sale of  are Care Partners between the ages of 45 and 65 because the age 65 and above market is saturated and couples make up over 60% of the market.



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However, with 's flexibility and pricing both Singles and Couples can find the affordable coverage they need. Additionally, options allow the client to tailor their policy to their particular requirements.



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Inflation Protection

The goal of inflation protection is to help ensure that the value of coverage versus the cost of care remains constant from the date of policy purchase to the date of eligibility for benefits.

The right inflation protection achieves that goal for least amount of premium.



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Comparing the options: Goal versus Premium

Assume expected eligibility occurs at age 80. Options in order of premium expense.

	None	Compound 2X Max Keeps pace about 15 Years then stops	Simple Keeps pace about 10years but keeps growing	Compound No Max Keeps pace indefinitely.
What's Right?				
50 year old				X
60 year old		X		X
70 year old		X	X	X
75 year old	X		X	



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Return of Premium Benefit

For policyholders concerned about paying premiums but not exhausting coverage, this benefit will pay their estate or a named beneficiary all premiums paid minus claims paid or pending. Or, if that is not sufficient

Full Return of Premium Benefit

All premiums are refunded upon the death of policyholder regardless of claims paid or payable. Takes the concern out of not ever using the coverage, or limited usage of benefits that could affect premium refund.



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Survivorship Benefit

Provides a paid up policy when premium payments may be more difficult to make. Upon the death of the Care Partner and providing this benefit is in effect at that time, policy has been in effect for at least 10 years the surviving care partners policy is paid up for life.

Shared Care Benefit

When both Care Partners purchase this benefit, they can share the others benefits after exhausting theirs. Allows for more benefits without having to purchase individual increased coverage. Unused coverage is transferable to surviving partner without increase in premium.



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Or..... Get Creative. For Example

An Alternative to Lifetime Benefits That Works!

ASSUME TWO CARE PARTNERS, AGE 55, STANDARD RATE, \$6K/MO BENEFIT, COMPOUND NO MAXIMUM INFLATION PROTECTION

	<u>PREMIUM</u>	<u>SAVINGS</u>
LIFETIME BENEFIT PERIOD	\$7980	N/A
60 MONTH BENEFIT with SHARED CARE	\$5643	\$2337 (29.3%)
84 MONTH BENEFIT with SHARED CARE	\$6435	\$1545 (19.3%)



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Multi-Life Programs



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Affiliation Program

- | | |
|------------------------------|---|
| Discount | <ul style="list-style-type: none">• 10% |
| Minimum Group Size | <ul style="list-style-type: none">• 5+ Members |
| Minimum Participation | <ul style="list-style-type: none">• 1 Insured |
| Underwriting | <ul style="list-style-type: none">• Standard |
| Care Partner Premium | <ul style="list-style-type: none">• 20%, 1 Care Partner• 40% both Partners Insured
(10%/20% in NY, 15%/30% in CT) |
| Program Options | <ul style="list-style-type: none">• Employer Paid Defined Benefit• Employer Paid Defined Contribution (% of premium or flat dollar amount)• Voluntary |



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Employer Program

- | | |
|------------------------------|---|
| Discount | <ul style="list-style-type: none">• 15% |
| Minimum Group Size | <ul style="list-style-type: none">• 15+ Active Employees |
| Minimum Participation | <ul style="list-style-type: none">• 15 Insured Employees |
| Underwriting | <ul style="list-style-type: none">• Simplified (EE's 18-65), 6 questions, no PHI• All others - Standard |
| Care Partner Discount | <ul style="list-style-type: none">• Blended Rate |
| Program Options | <ul style="list-style-type: none">• Employer Paid Defined Benefit• Employer Paid Defined Contribution (% of premium or flat dollar amount)• Voluntary |



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