

Combination Products

Session 20

Roads to a Successful Entry into the Life / LTC Hybrid Market



17th Annual Intercompany Long Term Care Insurance Conference

Speaker Biographies



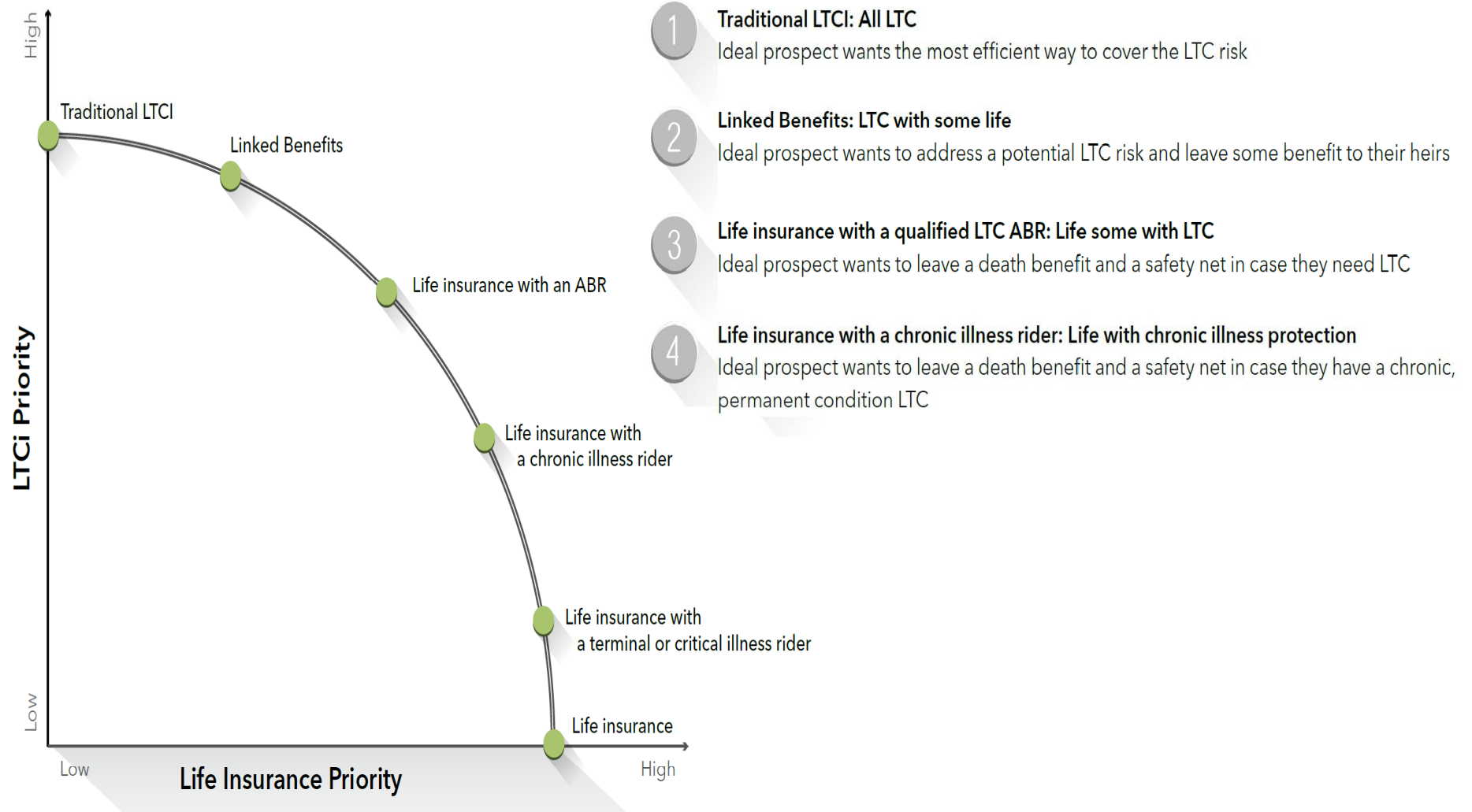
Shawn Britt has been engaged in the life insurance and long-term care industry for over 20 years. She joined Nationwide in 2000 and has been a member of Nationwide's Advanced Consulting Group since 2005. Known at Nationwide for her extensive work and expertise with LTC Riders, LTC linked benefit policies and the LTC hybrid solution marketplace, Shawn has been a major influence in promoting the need for long-term care and development of Nationwide's LTC product solutions. She has been widely published and quoted by national media on the subject of long-term care in publications such as The National Underwriter, Advisor Today, Life Insurance Selling, The Wall Street Journal, Insurance News Net, Market Watch Radio and Financial Advisor Magazine. Shawn is also a frequent presenter and key note speaker at numerous industry events and conferences.

Shawn graduated with a BA from Bowling Green State University in Ohio. She periodically serves as an adjunct professor at The Ohio State University lecturing on long term care in risk management studies, and has been recognized as alumni of the month of the American College.

Anju Gupta-Lavey, FSA, MAAA, is Director-Actuary with RiverSource Life Insurance Company. She is responsible for the pricing and inforce management of the company's Disability Income and Long-Term Care lines of business and has been in this role for over 8 years. Prior to her current role, she has been in various product and financial reporting roles within Ameriprise as well as Time Insurance Company, Fortis Financial Group and Hartford Life with a primary focus on life insurance and LTC.

Anju graduated from Ball State University in 1989 with a BS in Actuarial Science.

LTC / Life Insurance Products



Source: "An Advisor's Guide to Linked Life/LTC Products"; LTCI Partners, March 2015

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Market Snapshot



2015 Sales Results – Individual Life Combination Products

- **Total Premium : \$3.1B**
 - Represents 15% of Total Individual Life Premium
 - Over 200,000 Policies Issued (14% growth)
- **Growth in Average Premiums**
 - Single Pay : Increased by 4% to \$88,600 across ~28,000 policies
 - Average Face - \$160,800
 - Recurring Premium: Decreased by 58% to \$5,500
 - Average Face - \$328,500
- Life Combination products account for almost two-thirds of the premium and almost 60% the lives
- Aggregate Long Term Care Solutions (stand-alone LTC, Life Combination products and Annuity / LTC products) account for almost \$4B in sales and over 300,000 lives

Source: LIMRA Individual Life Combination Products, Life with Long-Term Care & Life with Chronic Illness Riders, 2015 ANNUAL Review

Market Snapshot



Companies Currently Offering Life / LTC Linked Benefit Products

- Lincoln Financial Group
- Pacific Life
- RiverSource Life Insurance Company
- Nationwide
- Massachusetts Mutual
- One America

Market Opportunity

- Distribution has been a major factor in new product design efforts
- Market is expected to expand for the foreseeable future
- There is a shift in basic design towards multi-pay versions of the product stemming from interest rates and demographics

Key Features of One New Product



- **Cash Indemnity Benefits**
 - **Nationwide story**
- **20% Guaranteed Minimum Residual death benefit**
- **Return of Premium feature – eventual ROP**
- **90 calendar day elimination period**
- **International Benefits** (subject to additional requirements)
- **Multiple payment schedules**
 - **Single pay, plus 5 year and 10 year pay** with monthly modes
- **Inflation protection option**
 - **3% simple and 5% compound**
- **Issue ages 40–75**
 - **Single Premium and 6 year benefit limited to ages 40-70**
- **Lapse protection**

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Key Features of Another New Product



- **Issue ages 35 to 79**
 - Single-pay with monthly deduction for riders
- **Face Amount Minimum \$50,000, Maximum \$500,000**
- **Underwriting**
 - Simplified life insurance underwriting plus detailed cognitive assessment
 - Standard nontobacco/tobacco
- **Benefits**
 - ABR with Benefit Period of 2 year
 - EBR with Benefit Period of 1, 2, 3 or 4 years
 - Monthly benefit amount = Initial specified amount / 24 months
 - Inflation protection options: 3% or 5% simple, 3% or 5% compound
 - Elimination period: 0 days for home care, 0 or 90 days for facility
 - Reimbursement, pay for actual expenses up to monthly benefit amount
- **Additional Features**
 - Return of premium feature: 90% in years 1-2, 100% in years 3+
 - 5% guaranteed residual death benefit

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