

# Combo Products



## What Keeps CRO's up at Night: Life-LTC Combination Products

*“The elevator story for combination products is very simple – a product that provides a pool of long term care benefits, a death benefit if you don't need care and return of premium options if you change your mind. Behind the scenes the products are very complex to design, model and manage. A panel of industry experts will pull back the curtain and discuss the various risks associated with managing a combination product and how these risks can be mitigated.”*



17th Annual Intercompany Long Term Care Insurance Conference

# Panelists



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# Agenda



- Level Set Definitions
- Product Design
- Modeling
- Risk Selection
- Product Management
- Claims
- Acceleration Riders



# DEFINITIONS Life-LTC Combination Products



## LIFE-LTC Combination Products

Asset Based

### Linked Benefits

Characteristics:  
Acceleration **and** Extension of Benefits  
(ABR&EBR)  
High Liquidity. Traditionally Return of Premium.  
*Integrated Product*

#### Single Pay

Majority of sales

#### Multi-Pay

Generally 10 years or less

### 'LTC' Riders

Living Benefits

Characteristics:  
Optional Rider, attachable to multiple products.  
Typically *only* Acceleration of Death Benefit  
(ABR).

101g  
Chronic Illness  
Riders  
*Same triggers but not technically Long Term Care*

7702B  
Long Term Care  
Riders  
*Dollar for dollar benefits*

# DEFINITIONS Life-LTC Combination Products



## LIFE-LTC Combination Products

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### Linked Benefits

Characteristics:  
Acceleration **and** Extension of Benefits (ABR&EBR)  
High Liquidity. Traditionally Return of Premium.  
*Integrated Product*

#### Single Pay

*Majority of sales*

Policies  
14,834

Premium  
\$1,175M

#### Multi-Pay

*Generally 10 years or less*

Policies  
8,933

Premium  
\$95M

### 'LTC' Riders

Living Benefits

Characteristics:  
Optional Rider, attachable to multiple products.  
Typically *only* Acceleration of Death Benefit (ABR).

101g  
Chronic Illness  
Riders  
*Same triggers but not technically Long Term Care*

Policies  
94,154

Premium  
\$1,144M

7702B  
Long Term Care  
Riders  
*Dollar for dollar benefits*

Policies  
109,615

Premium  
\$711M



- **Product Design**

*How are Combo Products different than stand-alone LTC? Why are the risks different?*

- Modeling
- Risk Selection
- Product Management
- Claims
- Acceleration Riders



# Topic Agenda



- Product Design

- **Modeling**

*How do we gain comfort with the projected cash flows?*

- Risk Selection
- Product Management
- Claims
- Acceleration Riders



# Topic Agenda



- Product Design
- Modeling

- **Risk Selection**

*Aren't we worried about anti-selection when other companies use full underwriting and we are simplified issue?*

- Product Management
- Claims
- Acceleration Riders





# Topic Agenda



- Product Design
- Modeling
- Risk Selection

- **Product Management**

*What if interest rates rise? Will we see a lot of lapses?*

- Claims
- Acceleration Riders





- Product Design
- Modeling
- Risk Selection
- Product Management

- **Claims**



*Since most hybrid companies weren't in traditional long term care, do they understand the importance of Claims discipline?*

- Acceleration Riders

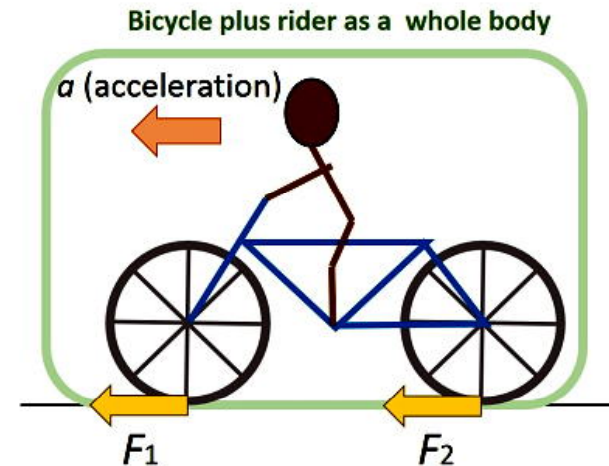
# Topic Agenda



- Product Design
- Modeling
- Risk Selection
- Product Management
- Claims

- **Acceleration Riders**

*What do you see as the difference in risk between Acceleration Riders and Linked Benefit products?*





**QUESTIONS?**