

Union Central's Dnamic Foundation

January 1st, Union Central introduced a new DI product, Dnamic Foundation. Following are a few the highlights and revolutionary new benefits that make Union Central's new offering an industry leader:

- Noncancelable policy now available through issue age 64
- Guaranteed Renewable options that provide pricing flexibility
- Preferred medical occupational classes for certain non-invasive doctors
- COBRA Premium Benefit
- Underwritten multi-Life discount available for minimum of two lives
- Benefit Periods available -
 To age 65/67/70
 10 year/5 year/2 year/1 year

Definitions of Total Disability

- Own Occupation for the length of the benefit period
- Own Occupation and Not Working for the length of the benefit period
- 5 year Own Occupation and then Not Working for the remainder of the benefit period

Unique Policy Features

- Nondisabling Injury Benefit - Provides reimbursement for expenses incurred from the treatment of injury or repair to natural teeth
- Good Health Benefit - Waives two days of the elimination period for every benefit-free year completed
- COBRA Premium Benefit - Pays COBRA premiums during disability of up to \$1,000 per month for up to 18 months

(continued on page 4)

Health Reform and LTC: CLASS Provisions

Recently, President Obama signed into law the health care reform bill (now known as the Patient Protection and Affordable Care Act), which includes the Community Living Assistance Services and Supports (CLASS) provisions. Many of the details of the CLASS provisions are not yet defined and will be developed through regulation, but we are pleased to provide you with the available information below. As additional details of CLASS become available, we will provide updates on our website.

What are the CLASS provisions (formerly known as the CLASS act)?

The CLASS provisions create a voluntary government program under which participants will pay a monthly premium, will be covered on a guaranteed-issue basis, and will be eligible for modest benefits for...

(continued on page 3)

Inside this issue:

Union Central's Dnamic Foundation	1
Health Reform and LTC: CLASS Provisions	1
The Standard Upgrades	2
Health Reform and LTC: CLASS Provisions	3
Union Central's Dnamic Foundation	4

If there are specific topics you'd like to see covered in future newsletters, please contact:

Kelsie Van Tine

at kelsie@pacificadvisors.net

The Standard Upgrades

The Standard has announced big changes to Issue & Participation Limits, Overhead Expense Policies, Future Purchase Options, and Occupation Classes. The following summary highlights a number of the changes:

Increased Issue Limits

Maximum issue limits have increased for The Protector+SM and The ProtectorSM individual disability income insurance. All eligible benefit amounts are subject to Issue and Participation Limits.

Maximum Benefit Amounts				
Annual Earned income	Individual Insurance Paid by Employee		Individual Insurance Paid by Employer	
	Maximum benefit before	Maximum benefit now	Maximum benefit before	Maximum benefit now
\$100,000	\$5,000	\$5,080	\$6,210	\$6,420
\$120,000	\$5,750	\$5,940	\$7,200	\$7,520
\$140,000	\$6,440	\$6,650	\$8,120	\$8,650
\$160,000	\$7,080	\$7,470	\$8,990	\$9,710
\$180,000	\$7,710	\$8,370	\$9,820	\$10,780
\$200,000	\$8,330	\$9,270	\$10,620	\$11,840
\$225,000	\$9,135	\$10,380	\$11,635	\$13,225
\$250,000	\$10,000	\$11,480	\$12,770	\$14,670
\$275,000	\$10,800	\$12,470	\$13,835	\$15,000
\$300,000	\$11,380	\$13,280	\$14,580	\$15,000
\$325,000	\$12,055	\$14,030	\$15,000	\$15,000
\$350,000	\$12,720	\$15,000	\$15,000	\$15,000

The ProtectorSM is available in CA only.

Increased Issue & Participation Limits for Dentists

Standard will now issue up to \$15,000 of monthly benefit for dentists who qualify. Additionally they will participate with another carrier's DI coverage to \$20,000 per month.

Business Overhead Expense

New business owners can qualify for up to \$15,000 of overhead expense coverage without expense verification. Owners must own at least 25% of the business to be eligible for this offer – all occupation classes are eligible.

Business Overhead Expense Occupation Upgrade

Later this year or in 2011, The Standard expects to file a new business overhead expense disability insurance policy form to replace The Business ProtectorSM. In the meantime, they announced that new policy owners in all occupation classes will receive an upgrade of one occupation class in addition to any increase available through the Business Owner Upgrade program. Also 5A occupations will receive a 10% discount off gender-distinct rates*. In addition to the increase in occupation class, customers may also apply for the higher issue limits associated with their newly assigned occupation class.

*Discounts cannot be combined; only one discount per policy. Current multi-life and association discount rules remain in effect.

For additional information regarding the recent changes The Standard has made please contact Pacific Advisors at 877.455.9580.

Health Care Reform and LTC: CLASS Provisions

(continued from page 4) ...their long-term care needs after five years of paying premiums. While it has been characterized as a long-term care program, it is primarily designed as a program to provide assistance to the working disabled. It's important to note that benefits will be paid by premiums collected from voluntary participants and not by the taxpayers.

What are the details of the coverage that would be provided?

Most of the terms of the new CLASS program that passed as part of the Patient Protection and Affordable Care Act will be developed by the Department of Health and Human Services over the next few years.

Certain terms are set in statute, including the following, which states enrollees will:

- pay a monthly premium, through payroll deduction, that has yet to be determined, but most recent estimates indicate that the average premium will be \$180-\$240/month; that premium could be increased yearly to ensure that the CLASS fund is actuarially sound.
- be covered on a guaranteed-issue basis;
- be eligible for benefits for their long-term care needs after paying premiums for the first 60 months of coverage (i.e. a 5 year waiting period) and have worked at least three of those five years;
- receive a lifetime cash benefit after meeting benefit eligibility criteria, based on the degree of impairment, which is expected to average about \$75/day or more than \$27,000 per year and is payable as long as the claimant remains disabled.

Enrollees will be offered coverage through their employers and will be automatically covered unless they opt out. They can opt back in at a later time. Self-employed people or those whose employers do not offer the benefit will also be able to join the CLASS program through a governmental payment mechanism.

How soon will the CLASS provisions take effect?

Now that the bill has been signed into law by President Obama, it will go to the Department of Health and Human Services, where the terms of the program will be worked through. From there it will be two years before the program goes into effect and another five years from that point before anyone is eligible for benefits.

What if a client is now considering the government plan rather than LTC insurance?

Since the government plan is highly limited, we encourage you to remind your prospects that delaying the purchase of an LTC insurance policy can have an effect on the cost of their policy and possibly their insurability. Also remind your clients about some of the advantages of purchasing a private LTC insurance policy today, such as:

- The purchase of an individual LTC insurance policy does not require that the individual be employed.
- LTC insurance offers a broad range of benefits, and is better suited to address the high cost of care.
- LTC insurance does not have a minimum number of years an individual must pay premiums before benefits are payable; the coverage will begin paying benefits once the benefits trigger and waiting periods have been met.
- Any unused LTC insurance benefits are carried over from year to year
- The policy provides access to care coordination services, quality providers, and provider discounts.

Does a policyholder still need his/her LTC insurance policy?

Yes, we recommend that all private LTCi policyholders retain their private LTC insurance policies due to the highly limited nature of the long-term care benefits that will be offered under CLASS, as well as what could potentially be very high premiums for CLASS Due to adverse selection.

What is John Hancock's position on the passing of the CLASS provisions?

We believe that the CLASS provisions do not negate the need for private LTC insurance coverage in any way. In addition, we are hopeful that the program will play a significant role in raising consumer awareness about the many issues surrounding long-term care and the need to be prepared for a long-term care event.

Union Central's DInamic Foundation *continued*

(continued from page 1)

Additional Benefit Riders

- Enhanced Residual Disability Rider - Pays residual benefits with 15% loss of earnings and loss of time or duties. Full Recovery Benefit built in that is payable up to the maximum benefit period
- Basic Residual Disability Rider - Pays residual benefits with 15% loss of earnings and loss of time or duties. Maximum benefit is 50% of base benefit. No Recovery Benefit
- Cost of Living Adjustment Rider - 6%
Increases benefit after one full year of disability, based on CPI-U up to 6% compounded
- Cost of Living Adjustment Rider - 3%
Increases benefit after one full year of disability, 3% simple
- Social Insurance Substitute Rider - Pays benefits that are offset by any Social Insurance benefits being received
- Future Increase Option Rider - Allows purchase of additional benefits with only financial proof of insurability
- Catastrophic Disability Rider - Pays additional benefits for cognitive impairment or inability to perform two or more Activities of Daily Living
- Automatic Increase Rider - Increases benefits by 4% (simple) for each of the first five years. No additional premium required at policy issue

Available Discounts

- Underwritten Multi-Life - 10-15%
- Guaranteed Standard Issue - 15-30%
- Association Marketing - 15%
- Double Annual Premium - 5%

This is a brief product description. Not all features, benefits and riders will be available in all states. For full details and state availability, please contact us.