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News You Can Use

- Thank you to all who submitted applications to our office, and now 'like' our Facebook page or 'follow' us on LinkedIn. Because of you we were able to raise \$5,000 for Ben Towne Pediatric Cancer Research Foundation. Pacific Advisors also sponsored BTF's private screening of Disney Pixar's *Monsters University* in Bellevue, WA on June 22. We enjoyed seeing the advisors who were able to attend as our guests.
- MetLife has upgraded the following physicians to the 6M underwriting occupation class, resulting in an estimated 20-25% premium reduction: Allergist, Family Practice, General Medicine, Gastroenterologist, Gerontologist, Hematologist, Internal Medicine, Neonatologist, Nephrologist, Pulmonologist and Rheumatologist.
- Ameritas has increased new in practice limits for all medical doctors to \$7,500.
- MetLife has introduced a new product called Income Guard. New applications can be downloaded on our website starting August 1. If you need an application prior to this date, contact our office.
- John Hancock launched LTC Captivate, a paradigm changing, web-based sales and application tool. It features a more streamlined process, the ability to manage and track clients throughout the sales cycle, and the flexibility to adopt the system to your personal style and individual client needs. Join Eric Williams, LTCP, Regional VP at John Hancock and our own Megan Tay, CLTC for an introductory webinar on July 9 at 8:00am PDT. Space is limited. To reserve your spot go to the Events section of our website and RSVP today.

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Brokerage News

Underwriting Osteoporosis

Osteoporosis is a fairly common disease that can have profound effects on both mortality and morbidity. With newer diagnostic tests that are easy and affordable, more individuals are being identified with this condition. Osteoporosis can be thought of as bone that is less dense than normal. A dexta bone scan will measure the calcium content of bone and this value, or T-score, can be compared to normal values. Anyone with a bone density that is -2.5 or lower is defined as having Osteoporosis. Osteopenia is the step before osteoporosis, with a T-score of -1 to -2.4 standard deviations below normal. Osteoporosis can contribute to an increased risk of fractures and the development of degenerative joint disease. Risk factors include advanced aging, low body weight, positive family history and cigarette usage. Also, post menopausal females have an increased risk of both conditions.

The good news is that there are now effective treatments for these conditions. The most important aspect is to make the diagnosis early, when treatment can be more effective. The treatment begins with lifestyle modifications, such as stopping smoking and beginning an exercise program. Adequate nutritional intake of calcium (1000/1500mg per day) and Vitamin D is necessary. If this is not sufficient, anti-resorptive therapy can be undertaken. This can decrease the risk of osteoporotic fractures by 50% within 2-3 years of treatment. Estrogen may also be prescribed in post-menopausal females, which also will increase the bone mass. Once treatment starts, a follow-up scan should be performed in 2 years to see how successful the treatment is.

From a Disability Income underwriting perspective, if osteoporosis is present but being successfully treated, an offer could be made. This may require a rating and a limited benefit period, though. If osteopenia is present and being successfully treated, these cases usually rate at standard. Underwriters will try to give the applicant credit for doing the right thing, knowing that treatment is preventing serious complications that could lead to disability. If there is documentation that the treatment is working, then one feels more favorable about this individual.

The Long-Term Care underwriting perspective is similar to that of Disability Income. If either osteopenia or osteoporosis are present and being successfully treated, the cases can usually be taken at a standard rating. Complications such as falls, fractures or joint replacements, however, can impact the ability to get coverage.

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

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MetLife Launches New DI Product, Income Guard

Designed with flexibility in mind, MetLife's new income replacement product, Income Guard, opens the door to multiple opportunities.

Highlights:

Specialty Own Occupation definition of disability for Physicians and Dentists. Income Guard is a competitively priced product for the medical and dental market.

Rates for regular Occupation Classes have been improved. Overall, rates have been re-sloped, making it more affordable to obtain coverage, especially for clients who are in the beginning stages of their careers.

Issuing To Age 70! Policies can be issued to insured up to age 70, a rarity in the DI marketplace.

Riders:

Income Guard is an "unbundled product," meaning clients can choose what's important to them and build a policy tailored to their needs. 7 new riders* give them options.

- COBRA - The insured can be reimbursed for COBRA premiums paid if they lose their job while disabled
- Life Event - The insured has a one-time option to increase coverage without medical underwriting if they receive a promotion, get married or have children
- COLA 3% Compound - If disabled for more than one year, monthly benefits increase 3% compounded annually
- Capital Sum Benefit - No cost rider that pays a one-time lump sum benefit if the insured suffers a capital loss due to injury
- Residual with Recovery Full Benefit Period - Residual Benefits are paid when the insured suffers a 15% loss of income and suffers a 15% loss of time or duties
- Enhanced Residual with Recovery - Everything included in Residual with Recovery plus it removes the traditional time or duties clause from the definition of residually disabled, and the recovery benefit is payable for maximum benefit period
- Partial Disability - 50% of monthly benefit for total disability is payable for up to the first 12 months

* Riders may be subject to eligibility rules and state availability. New riders are only available with MetLife Income Guard.

Discounts:

Income Guard has several discounts available, and some of them are stackable. Not all discounts are available to everyone, but if clients qualify they can receive up to a 30% discount of their premiums.

- Multi-Life Program Discount - Employee Paid is 15% and Employer Paid is 20%
- Multi-Policy Discount - 5% premium discount for recent Life insurance buyers who purchase a DI policy within 12 months
- Association Discount - AMA Approved Physicians receive 10% or 5% depending on state availability; Non-AMA Approved Physicians Associations receive 5%; All other approved associations receive 10%
- Mental Disorder/Substance Use Disorder Limitation (MDSUD) - 10% discount received for the MDSUD 24-month limitation; required for 4M and 5D Specialties; Optional on Multi-Life cases where Specialty and mix of required medical occ classes (4M, 5D, 5I, 5M, 6M)

A Change In Philosophy For LTC Underwriting

In the Long-Term Care (LTC) insurance industry, factors such as historically-low interest rates, emerging claims experience, and the need for greater risk management have combined to create a "new reality" for carriers and financial professionals. Carriers are continually looking for new ways to offer dependable, affordable, and sustainable solutions in these changing times. In the last two months we have seen two LTC carriers (Genworth and John Hancock*) realign their pricing model. If we explore LTC at a deeper level we will find that Long-Term Care is not that dissimilar to Disability Income. Both are based on morbidity versus mortality (the measurement used for life insurance). As a result, it is only financially prudent that the LTC carriers' pricing reflect this experience/knowledge.

*Subject to state approval. Please visit our website for a map of state approvals.

Claims experience has shown that, in addition to living longer, women use Long-Term Care benefits at a higher rate than men. Also, carriers have found that women's claims last longer, a trend that has been noted in the industry. According to John Hancock's claims demographics**, 68% of their claims are female. This is an increase from 2009 when females were just 65% of claims. As a result, it is our understanding that almost all LTC carriers will be moving to gender-distinct pricing, reflecting the male/female differences in the probability of benefits usage.

** Based on internal data, including individual, group, Fortis, and the Federal Long-Term Care Insurance Program as of December 31, 2011.

According to the 2012-2013 Sourcebook for Long-Term Care Insurance Information, women are almost two times as likely to file a claim. See the new claims opened by attained age (2011) table below:

Under Age 50	Men	Women	Total
Age 50-59	0.8%	0.9%	1.7%
Age 60-69	3.5%	4.9%	8.4%
Age 70-79	8.6%	15.5%	24.1%
Age 80 and Above	22%	43.5%	65.5%

What does this mean to you, the financial professional/insurance advisor? Potentially a continuation of a shift in the idea of greater risk transfer (policy pays for 80% of the cost of care) to 'something is better than nothing' (policy pays for 40-50% of the cost of care). This can be accomplished by reducing the monthly benefit amounts, reducing the maximum monthly benefit period or reconsidering the best inflation option. Do not forget to remind the client that even a small amount of LTCi coverage provides a degree of protection they wouldn't otherwise have, which may afford them time to liquidate some of their assets.

Bottom line, we may sometimes overlook a simple question: What can you comfortably afford to spend on this protection? If \$150/month is all your client can afford, then Pacific Advisors is committed to helping you design a policy to stay within that budget. It may mean increasing the monthly benefit and reducing the benefit period. It could mean we consider a less aggressive inflation protection (i.e. 3% compound, 5% simple, Benefit Builder). The carriers are looking for ways to differentiate themselves from the competition and as a result they are bringing unique solutions to the market.

Join us Tuesday, July 9th at 8:00am PT for a webinar on LTC Captivate, John Hancock's new end-to-end sales system that may result in much shorter underwriting times. See News You Can Use for more details.