

# 2015 Year in Review

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**First Quarter 2016**

**Volume 17 Issue 1**

With 2015 coming to an end, we've compiled a review of carrier updates and news that occurred throughout the year. Now is a great time to review this information to see how you can use it for your clients in 2016:

## **January:**

- **MetLife** made changes for business owners that put them in a better spot than ever:
  - Self-employed income gross-up: Self-employed applicants can receive DI coverage based on 120% of their reported net income, increasing the available monthly benefit amount.
  - Occupation class upgrade: Business owners who have owned and operated their businesses for at least two years and meet income requirements qualify for a one- or two-class occupation upgrade — potentially resulting in lower premiums and/or more coverage.
  - Business valuation services: For small business owners, knowing the value of their business can be important when considering strategic business planning needs — including disability coverage. MetLife partners with an independent national valuation firm to provide business valuations to qualifying small businesses at no charge.

## **February:**

- **Transamerica LTC** temporarily suspended sales of the 3% compound inflation option rider across all product lines: TransCare II®, TransCare III® and Transcare Secure®, in all states.

## **March:**

- MetLife introduced a new DI underwriting policy that opened the door to high-net worth clients. High-net worth clients are now eligible for DI coverage benefits based on their monthly income without a net worth threshold.

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

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## April:

- **Principal** made updates to their Simplified Sales Program to make their product even more competitive:
  1. They increased limits for Combination Simplified DI/OE: Principal removed the \$10,000/month combination cap for Simplified DI/OE. You can now offer up to:
    - \$14,000/month for Simplified DI/OE: \$4,000/month DI and \$10,000/month OE
    - \$16,000/month for Simplified DI Multi-Life/OE: \$6,000/month Multi-Life and \$10,000/month OE
  2. Key Person Replacement insurance is part of the Simplified Sales Program with up to \$360,000 aggregate benefit and a maximum age of 50.

## June:

- **Principal** made occupation class changes for business owners. They use three key factors to classify a business owner's occupation class, often resulting in a higher occupation class than before:
  1. Stability: Business ownership characteristics and owner's duties
  2. Success: Income
  3. Size: Number of employees

## July:

- **Genworth** made product enhancements to the Privileged Choice 3 long-term care product to improve affordability and consumer value:
  - Reduced base rates up to 10%
  - Couple's discount - Available to individuals whose spouse or partner is not applying for coverage with them.
  - Refund of premium - if a policyholder passes away before age 65, their beneficiary will receive the premiums paid minus any claims paid.
- **Meiji Yasuda Life Insurance Company and StanCorp Financial Group, Inc.** announced they have entered into a definitive agreement under which Meiji Yasuda will acquire all outstanding shares of StanCorp (The Standard). Meiji Yasuda and The Standard are both leaders in group benefit insurance in their respective markets. The Standard will become Meiji Yasuda's primary U.S. presence and partner, operating under The Standard brand within Meiji Yasuda's global structure. No changes to The Standard's current operations are anticipated. The Standard will continue executing on its strategic plan and will maintain its current brand, employees, distribution channels and product mix.

## September:

- **The Standard** enhanced their Simplified Underwriting program to simplify the process.
  - Simplified Underwriting is automatic: If the application meets the requirements, it will automatically be submitted for Simplified Underwriting.
  - 48 hour service commitment: If the application qualifies for Simplified Underwriting, an underwriter will provide a decision or case status within 48 hours of receiving both the application and the completed TeleApp interview at The Standard.

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## September:

- **MetLife's** industry-leading disability policy, Income Guard, became available in California.
  - Issue to age 70
  - Specialty Specific Own Occupation for physicians
  - Discounts for AMA members
  - Industry-leading I&P limits
  - \$35,000 without Group LTD
  - \$40,000 with Group LTD
  - No restrictions on net worth
  - Wide range of benefit periods: 2, 5 and 10 years; to age 65, 67 and 70

## November:

- **Principal** made changes to I&P limits and Occupation Classes for IDI.
  - Principal increased Issue & Participation (I&P) limits for key occupation classes:
    - 6A, 5A, 4A, 3A:
      - Issue Limit: \$20,000
      - Participation: With other IDI - \$35,000; With Group LTD - \$35,000
    - 5A-M, 4A-M:
      - Issue Limit: \$17,000
      - Participation: With other IDI - \$25,000; With Group LTD - \$35,000
    - 3A-M:
      - Issue Limit: \$15,000
      - Participation: With other IDI - \$25,000; With Group LTD - \$35,000
  - Principal changed occupation classes for all IDI products for select medical occupations:
    - Physician Assistant - 4A-M (from 3A)
    - Psychiatrist - 4A-M (from 5A-M)
    - Anesthesiologist - 3A-M (from 4A-M); Regular Occupation rider continues to be available
    - Emergency Room Physician - 3A-M (from 4A-M); Regular Occupation rider continues to be available
- **Ameritas** reduced premium rates:
  - Certain professions that qualify for occupational classes 6A and 6M had a rate reduction of 5% and 10% respectively.
  - Females with professions that fall in the 6A-4A and 6M-4M occupational classes also saw rate reductions.

## December:

- **The Standard** removed the PHI requirement for all Business Equity Protector applications, as well as Protector Platinum, Protector Essential and Business Overhead Protector applications for monthly benefits over \$5,000. PHIs will be requested on an as-needed basis as chosen by the underwriter.

## Things to Look for in 2016

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- Look for our **monthly News You Can Use emails** to keep informed with DI and LTC insurance news updates and carrier changes that you may need to help sell the products to your clients.
- **Have you visited our website yet?** Our website is full of helpful information and tools for you to use. You can find important DI and LTC insurance industry news as well as upcoming events and webinars that you may want to attend. You can also view case status, download applications and request quotes. Visit us at **[www.pacificadvisors.net](http://www.pacificadvisors.net)**.
- **Do you receive our marketing emails?** If not, contact Jaymie Mayers at 877.455.9580 or [jaymie@pacificadvisors.net](mailto:jaymie@pacificadvisors.net) to be added to our list so that you can receive our announcements, news and other sales tools periodically.