



Comprehensive coverage combining life and long-term care benefits

Hybrid Combo Life / LTC Product Overview



Overview

Key Presentation Features

Focus on product mechanics, pricing assumptions, and risk considerations of hybrid LTC policies.

Hybrid Product Purpose

Hybrid products combine life insurance with long-term care benefits for dual financial protection.

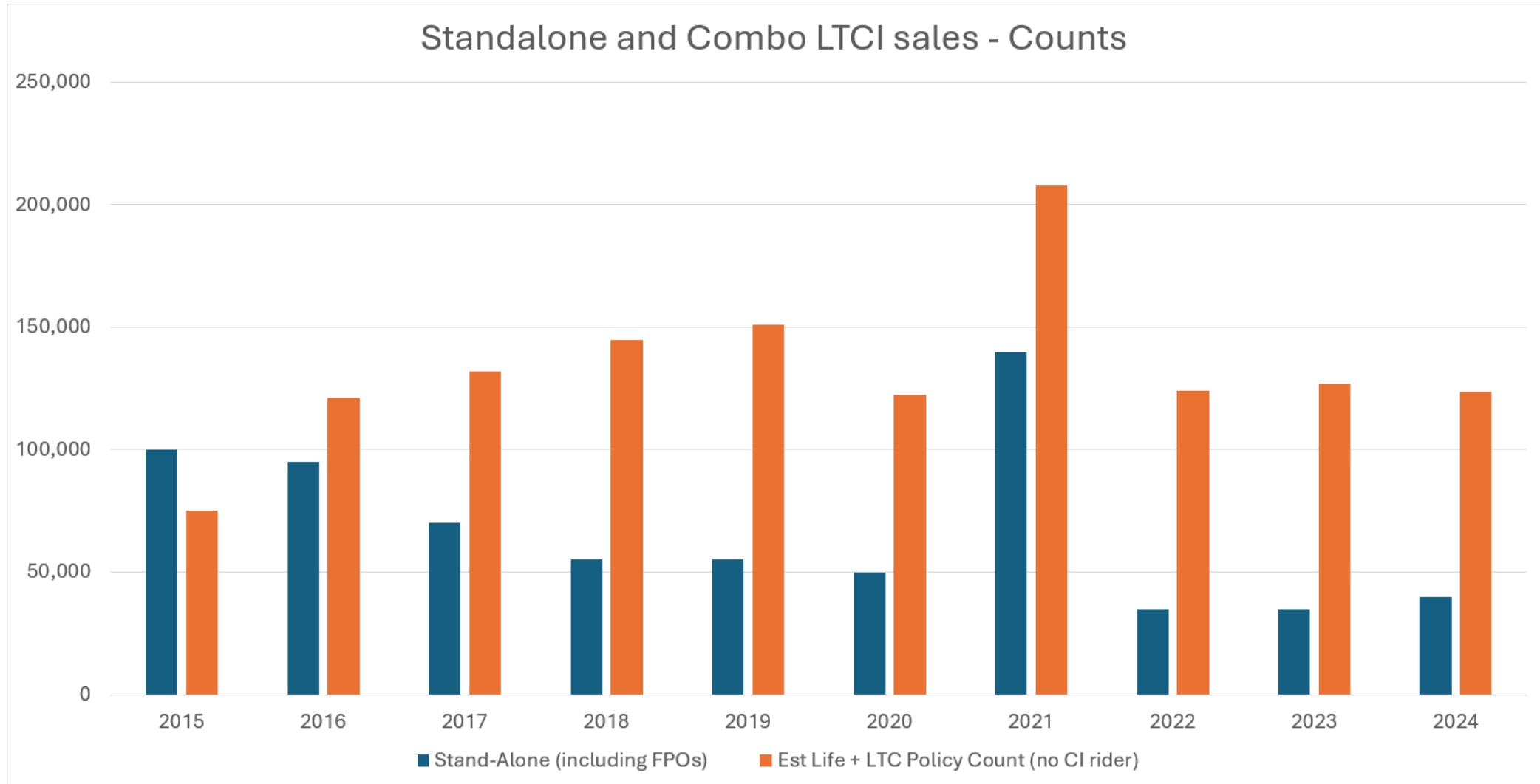
Market Evolution

The market is evolving with growing demand for products that address both death benefits and care needs.

Stakeholder Benefits

Hybrid policies broaden consumer choices and serve as practical alternatives to standalone LTC coverage.

Growth of Hybrid LTC Products



Data collected from LIMRA and Milliman's Broker World LTC Survey

Sales counts for combination products represent life insurance policies with LTC riders that charge additional premium, and not \$0 ("no cost") riders

Growth of Hybrid LTC Products Cont'd

Shift to Hybrid Products

The insurance market is shifting towards hybrid LTC products due to consumer demand for flexible, value-driven coverage.

Benefits Not Use or Lose

Hybrid products offer the possibility of life insurance or long-term care benefits and address rising premiums and rate increase concerns faced by standalone LTC insurance.

Growth in Market and Employer Adoption

Sales growth of hybrid products outpaces standalone policies, with employers increasingly adopting them in group benefits.



Structure and Features of Hybrid Products

Life Insurance Frameworks

Hybrid products combine life insurance types with added long-term care riders or integrated features.

Benefit Access Mechanisms

- Acceleration of death benefits,
- Restoration of previously accelerated death benefits and/or
- Extension of benefits

Dual-Purpose Value

Products ensure financial benefit for policyholders or beneficiaries whether LTC is needed or not.



How Benefits Are Triggered

Eligibility Criteria

LTC benefits start when an individual cannot perform required activities of daily living or shows cognitive impairment.

Benefit Payment Options

Benefits may be paid as fixed indemnity, reimbursement for expenses, or flexible cash benefits to suit policyholder needs.

Policy Features and Flexibility

Policies may include benefit caps, duration limits, inflation protection, and restoration of previously accelerated death benefit provisions to support diverse needs.





Key Pricing Drivers

Mortality and Morbidity

Mortality reflects life expectancy while morbidity estimates long-term care needs and costs.

Voluntary Lapse Rates

Voluntary lapse rates measure how often policyholders discontinue their coverage prematurely.

Interest Rate Impact

Prevailing interest rates affect investment returns on premiums, influencing pricing stability.

Integrated Pricing Stability

Hybrid products combine life and long-term care risks for balanced pricing and greater predictability.

Comparison with Standalone LTC

Risk Profiles Differ

Hybrid products combine mortality and morbidity risks, unlike standalone LTC which focuses only on long-term care risks.

Premium Stability

Life insurance benefits in hybrids help stabilize pricing and reduce chances of premium hikes compared to standalone LTC.

Consumer Clarity

Hybrid policies offer clearer premium structures, making them easier for consumers to understand.

Diversified Risk Environment

Combining life and LTC benefits creates a more manageable risk environment, appealing to insurers and consumers alike.



Key Takeaways

Balanced Protection and Flexibility

Hybrid life and long-term care products combine protection with flexibility to meet diverse insurance needs.

Risk Offsetting Advantage

Offsetting mortality and morbidity risks improve pricing stability compared to standalone long-term care policies.

Broadened Buyer Profile

Hybrid products attract younger buyers, expanding access to long-term care coverage.

Complementary Coverage Options

Hybrids complement standalone long-term care insurance, expanding consumer choice and coverage options.



FAQs

Premium Increases Over Time

If premiums are not guaranteed, premium increases will typically apply only to the long-term care portion of the hybrid product, affecting policy affordability over time.

Policy Cancellation and Renewal

Whether policies are non-cancellable or guaranteed renewable impacts future cost certainty for buyers.

Rate Increase Determinations

Insurer methodologies for rate increases may differ between group and individual hybrid life/LTC policies.

Expected Loss Ratios

Expected loss ratios indicate the portion of premiums anticipated to be paid out in LTC claims, guiding financial risk assessment.

Group Term Life Availability

An LTC benefit on a group term life product can help protect younger workers from potentially catastrophic LTC events.