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## EssentialLTC - Monthly Modal Factor utilized to determine monthly premium is being lowered in 38 states

Effective May 23, 2018, the modal factor utilized to determine the monthly premium amount for the EssentialLTC product is being lowered in 38 of the states where the EssentialLTC product is currently available. The change will be from a current factor of .095 to a new factor of .0875. This change will occur in the following states.

|          |               |             |                |                |               |
|----------|---------------|-------------|----------------|----------------|---------------|
| Alaska   | Iowa          | Michigan    | New Hampshire  | Pennsylvania   | Vermont       |
| Alabama  | Kansas        | Minnesota   | New Mexico     | Rhode Island   | Virginia      |
| Arkansas | Kentucky      | Mississippi | North Carolina | South Carolina | Washington    |
| Colorado | Louisiana     | Missouri    | Ohio           | Tennessee      | West Virginia |
| Georgia  | Maine         | Nebraska    | Oklahoma       | Texas          | Wisconsin     |
| Idaho    | Maryland      | Nevada      | Oregon         | Utah           | Wyoming       |
| Illinois | Massachusetts |             |                |                |               |

### Impact to New Business:

The new lower monthly modal factor will mean that when quoting a monthly premium payment in these states, the monthly premium will be slightly less than as would be calculated utilizing the existing factor.

### EssentialLTC Illustration Software:

The revised illustration software which will include the lower monthly modal factor will be available May 23, 2018.

If you had previously saved an illustration from one of the affected states in the EssentialLTC illustration software, you will still be able to access the saved illustration. Should you access a saved illustration in a state where the modal factor has changed, running the illustration reports will result in a monthly premium that reflects the new lower monthly factor.

### Impact to existing (active) policies on the monthly mode in affected states:

EssentialLTC policies issued in the impacted states that are on a monthly payment mode will have the monthly premium amount automatically recalculated utilizing the new lower factor, resulting in a lower monthly payment for your clients. This change will be reflected for monthly payments occurring May 23, 2018 and after.

In addition, any active policy that had one or more premium payments made on a monthly mode over the life of the policy will have each monthly payment recalculated as well. Any recalculated amount due will be refunded to the payee with interest. Affected policyholders will be sent a letter explaining the change in the monthly modal factor, and that the result is a return of premium refunded with interest.