

EssentialLTC

Product Overview



The NGL product is pending state approval. National Guardian Life Insurance Company is not affiliated with The Guardian Life Insurance Company of America a.k.a. The Guardian or Guardian Life. Product underwritten by National Guardian Life Insurance Company.

NGL background

Product design

Premiums

Underwriting



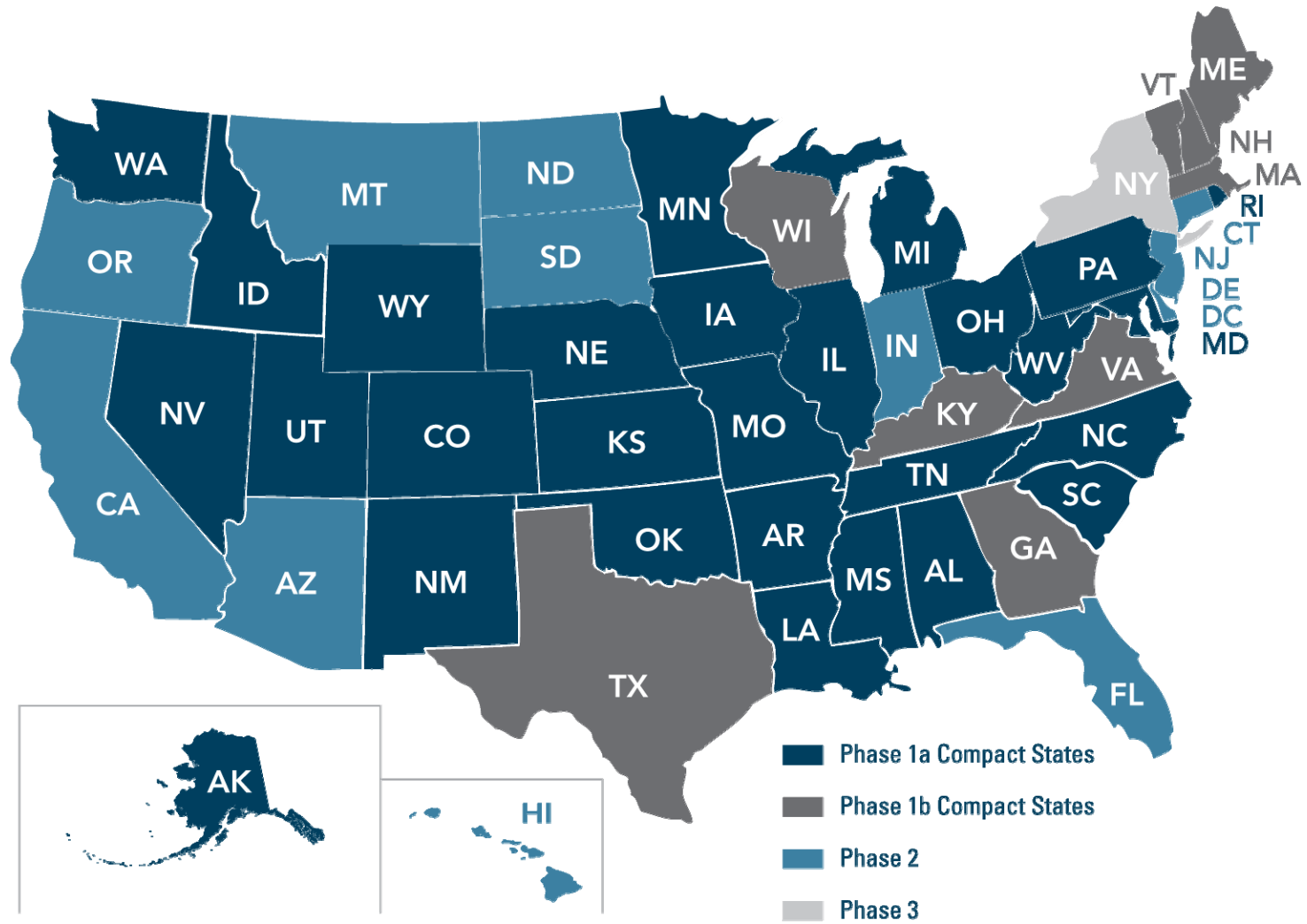
EssentialLTC

- Mutual company
- Formed in 1910
- A- (Excellent) rating from A.M. Best
- Licensed in 49 states plus District of Columbia
- Surplus: \$303 million
- Mid-July 2016 launch



Financials as of 12/31/2015. Ratings as of 8/5/2015.

NGL Background



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Product Design Features

Lifetime Benefit Period Rider

Single Pay and 10 Pay Premium Options

Joint Policy Design

(total premium = single female rate based on the older of the 2 insureds)

Most Competitive Pricing

Return of Premium with Cash Surrender Option (with or without Claims Offset)

Ideal for Executive Carve Out Sales

Accommodates 1035 Exchanges

Affordable Step-Rated COLA* (either 3% or 5% Compound)

Shared Care Using a Third Pool

Employer Group and Association Group Discounts Available

*Cost of Living Adjustment

“Reverse Combo” Advantages

Overview

- Competes with traditional life with long term care rider product
- Built using a stand-alone base product, then adding return of premium + cash surrender option
- More LTC benefits than Life Combo products
- Lifetime benefits available
- Single/10 Pay/Lifetime Pay and all inflation protection options offered



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“Reverse Combo” versus MoneyGuard II

REVERSE COMBO

Joint Policy Age - 60

Single Premium - \$100,000

COLA* - 3%

Benefit Period – 3 Year / No Extension

LTC Daily Benefit - \$135 per day per person

MONEYGUARD II

Male and Female Age - 60

Single Premium - \$100,000

COLA* - 3%

Benefit Period – 3 Year / No Extension

LTC Daily Benefit - \$74 for Male, \$82 for Female

DIFFERENCES

Between Reverse Combo
and MoneyGuard II

Duration	LTC Maximum Benefit	CSV**	Death Benefit
1	\$295,650	\$20,000	\$100,000
2	\$304,520	\$40,000	\$100,000
3	\$313,655	\$60,000	\$100,000
4	\$323,065	\$80,000	\$100,000
5	\$332,757	\$80,000	\$100,000
10	\$385,756	\$80,000	\$100,000
20	\$518,424	\$80,000	\$100,000
30	\$696,719	\$80,000	\$100,000

LTC Maximum Benefit	CSV**	Death Benefit
\$173,490	\$80,000	\$178,800
\$178,695	\$80,000	\$173,600
\$184,056	\$80,000	\$169,200
\$189,577	\$80,000	\$168,388
\$195,265	\$80,000	\$168,388
\$226,365	\$80,000	\$168,388
\$304,216	\$80,000	\$168,388
\$408,841	\$80,000	\$168,388

LTC Benefit Diff	CSV**	Death Benefit Diff
+\$122,160	-\$60,000	-\$78,800
+\$125,825	-\$40,000	-\$73,600
+\$129,599	-\$20,000	-\$69,200
+\$133,488	\$0	-\$68,388
+\$137,492	\$0	-\$68,388
+\$159,391	\$0	-\$68,388
+\$214,208	\$0	-\$68,388
+\$287,878	\$0	-\$68,388

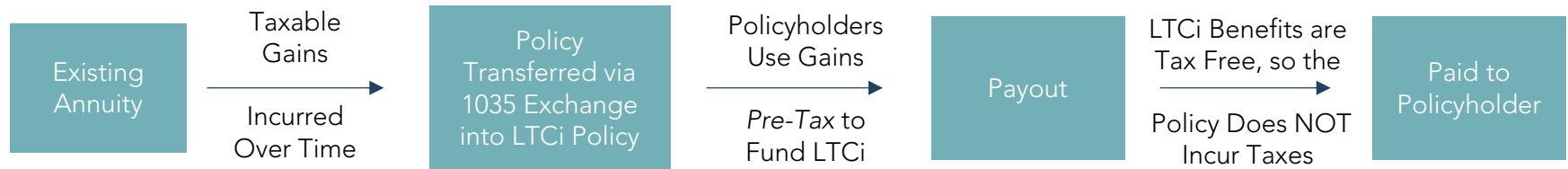
*Cost of Living Adjustment

**Cash Surrender Value

Executive Carve Outs

- LTC premiums are tax deductible for the corporation
- Not imputed income for the executive
- Not subject to discrimination testing
- Paid up over the executive's working years using 10-pay
- LTC benefits are received tax-free

1035 Exchange Option



- Annuity policy must be non-qualified
- Amounts must be assigned directly from a life/annuity policy to an LTCi policy

Product Distinctions

Joint Example (3 Year, 5% COLA*)

Same Age Couple	DBA**	100
	Coverage	Comprehensive
	Elimination Period	90 Days

	NGL	Mutual of Omaha	Transamerica	John Hancock	Genworth
50	2,847 (1)	3,577 (2)	3,470 (2)	5,878 (5)	4,445 (4)
60	3,121 (1)	3,822 (2)	3,910 (3)	6,274 (5)	5,101 (4)
70	3,817 (1)	4,904 (2)	5,741 (3)	8,203 (4)	9,327 (5)

() = Rank Least Expensive to Most Expensive

*Based on premiums listed in 2016 Broker World Survey adjusted to best rate class

** Daily Benefit Amount

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Product Distinctions

Joint Example (3 Year, No COLA*)

Same Age Couple	DBA**	100
	Coverage	Comprehensive
	Elimination Period	90 Days

	NGL	Mutual of Omaha	Transamerica	John Hancock	Genworth
50	647 (1)	773 (2)	873 (3)	No COLA comparison not available	1,157 (4)
60	958 (1)	1,136 (2)	1,417 (3)		1,470 (4)
70	2,052 (1)	2,442 (2)	3,177 (4)		3,009 (3)

() = Rank Least Expensive to Most Expensive

*Based on premiums listed in 2016 Broker World Survey adjusted to best rate class

** Daily Benefit Amount

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Premiums and Features Unique to NGL (Age 60)

Age 60 Couple	DBA	100	
	Coverage	Comprehensive	
	Elimination Period	90 Days	
3 Year Benefit Period		COLA	
		None	5%
		3%	
Base		\$957	\$1,761
10-Pay		\$1,982	\$4,201
Single Pay		\$18,995	\$40,269
Reverse Combo - LROP, CSO, Single Pay		\$34,950	\$74,095
			\$130,365

Lifetime Benefit Period		COLA	
		None	5%
		3%	
Base + Lifetime Extension		\$1,914	\$3,523
10-Pay		\$3,963	\$8,402
Single Pay		\$37,990	\$80,538
Reverse Combo - LROP, CSO, Single Pay		\$69,901	\$148,190
			\$260,731

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Stable Prices

- Lapse rates are approaching zero = little or no downside
- Current pricing makes it unlikely that rate increases will be needed
- 16x the policy data, 70x the claims data

Average Industry Pricing Assumptions on New Products

Year	Pricing Lapse Rate	Pricing Interest Rate	Likelihood of a Future Rate Increase*
2000	2.8%	6.4%	40% chance
2007	1.1%	5.9%	30% chance
2014	0.7%	4.6%	10% chance

*Based on a 2015 SOA pricing study

Thorough Underwriting

- We maintain a high threshold for policy issue
- This underwriting style provides for:
 - Lower premiums or richer benefits
 - Stable premiums: The end result of a quality risk pool
 - Lower loss ratios: The ultimate measure of effective underwriting

Underwriting

Cumulative Loss Ratios are Half of the Overall Industry

Company Group	Est. Loss Ratio (%)	2014 Lives Inforce
Northwestern Mutual	11.9	213,930
LifeCare Group	23.6	217,571
State Farm	26.0	129,810
Prudential	28.0	239,816
UNUM Group	31.9	1,015,749
New York Life	33.8	138,569
Mutual of Omaha	38.5	165,182
John Hancock Group	39.0	959,111
MetLife Group	40.4	606,104
Ameriprise Financial Group	46.7	130,476
Genworth Group	47.1	1,346,419
CNA Group	52.1	416,267
AEGON Group	55.8	290,268
Conseco Group	64.8	362,306
Total of above 14 companies	45.2	6,231,578

- Data from NAIC Long-Term Care Experience Reports for 2014 utilized with permission. The NAIC does not endorse any conclusions drawn from the data by third parties.
- "Loss Ratio" defined as actual incurred claims divided by earned premiums both accumulated with interest.
- LifeCare Group results for all clients for business that is both reinsured and administered by LifeCare.

Contact Us



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James Glickman is president and chief executive officer of LifeCare Assurance, and is chairman of the board for both LifeCare and its parent company, 21st Century Life and Health. Glickman is a third generation insurance professional with over 35 years experience in the life and health insurance industries and is the driving force behind LifeCare's innovative approach to long term care insurance product design and is one of the architects of the long term care industry as it exists today.

Glickman led the effort to form the Society of Actuaries' Long Term Care Insurance Section and held its honored position of chairperson for its inaugural year in 2000 and 2004. Jim also led the effort to develop the Annual Intercompany LTCI Conference, serving as chairperson for the first four years and as a member of the Board of Directors for the Intercompany Long Term Care Insurance Conference Association from 2005-2014. He was awarded the first "Lifetime Achievement Award" presented at the Fifth Annual Intercompany LTCI Conference for his work to unite the industry. Glickman has also been a member of the Society of Actuaries Board of Directors from 2005-2010 and held the position of Vice President of the Board from 2008-2010.

Glickman has authored many articles on LTCi including the annual Broker World LTCi surveys for years 2000 through 2004, as well as articles for the National Underwriter, Best's Review, Contingencies, Life Insurance Selling, and Health Insurance Underwriter. He is frequently a featured speaker at national meetings discussing the long term care industry.

Prior to founding LifeCare in 1988, Glickman held positions with CNA, Alexander Hamilton, Maccabees Mutual, Pacific Standard and PennCorp Financial.

He is currently a Fellow of the Society of Actuaries (FSA), a Member of the American Academy of Actuaries (MAAA), a Fellow of the Conference of Consulting Actuaries (FCA), a Chartered Life Underwriter (CLU) and a Fellow of the Life Management Institute (FLMI).