BULLETIN:

# In-Force Rate Action Announcement:
## Minnesota: Privileged Choice® & Classic Select®

November 4, 2024

**Effective –** 11/04/24

**State –** MN

**Contact –** If you have any questions about these changes, please contact our Customer Service Team at 888-274-6124.

**Alternative Included:**
Flexible Benefit Option

As part of the strategy for our long term care insurance business, we continue pursuing initiatives to improve the risk and claims paying ability of our business, including premium increases on in-force policies, as needed.

Minnesota has allowed the following increases.

| Product Series | Increase for Policies with Lifetime Benefit Periods | Increase for Policies with Limited Benefit Periods |
|---|---|---|
| Privileged Choice | Policies with no or 1% Inflation Protection: **5.3%**<br><br>Policies with greater than 1% Inflation Protection: **95.3% phased (25%, 25%, 25% compounded)** | Policies with no or 1% Inflation Protection: NA<br><br>Policies with greater than 1% Inflation Protection: **44% phased (20%, 20% compounded)** |
| Classic Select | Policies with no or 1% Inflation Protection: **5.3%**<br><br>Policies with greater than 1% Inflation Protection: **95.3% phased (25%, 25%, 25% compounded)** | Policies with no or 1% Inflation Protection: NA<br><br>Policies with greater than 1% Inflation Protection: **44% phased (20%, 20% compounded)** |
| **This rate increase applies to AARP® and non-AARP policies.** | | |

**Alternative Included**

**Eligible Privileged Choice and Classic Select policyholders** may consider the **Flexible Benefit Option** to adjust coverage and help mitigate both the current and planned future increases and to lock in their new premium until at least January 1, 2030. With this option benefits are paid on an indemnity basis which means instead of submitting receipts and getting reimbursed for covered care, eligible policyholders receive a monthly benefit determined primarily by where covered care is provided (nursing home, assisted care facility or home). The amount can also vary if the policyholder is eligible for benefits for only part of a month and when more than one type of benefit may apply in a month. This Flexible Benefit Option includes a specific set of benefits shown in the Premium Increase Notice.

**Eligible Privileged Choice and Classic Select** policyholders who currently have a benefit increase option as part of their policy may also consider the **1% Compound Benefit Increase Option**. If this option is selected, policyholders will retain their increased Daily/Monthly Benefit Amount (DBA). The increased DBA and Total Lifetime Benefit will increase at 1% compound going forward.

*continued –*





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**Communications Timeline**

Servicing agents will receive a list of their impacted policyholders one week prior to the start of policyholder notifications. If we have your email address on file, you will receive an agent notification through email notifying you that your list of impacted policyholders is available on Genworth PRO (genworth.com/pro). You will not receive a hardcopy notification in the mail unless we do not have your email address on file.

| | |
|---|---|
| Agent Notifications Begin: | November 5, 2024 |
| Policyholder Notifications Begin: | November 12, 2024 |

Policyholder notifications will continue throughout the next year. Impacted policyholders will be notified at least 68 days in advance of their billing anniversary dates. Policyholders currently on claim will still receive a Premium Increase Notice. However, if they are on waiver of premium, they will not have to pay the increased premium until the premium is no longer waived and becomes due.

**Policyholder Options**

Policyholders may have the ability to reduce their benefits in order to help maintain premium at approximate current levels. Generally, they may:

(1) Choose to lower their current maximum daily/monthly benefit;
(2) Adjust the benefit period, inflation option (if included with their coverage) or elimination period or
(3) Where applicable, terminate optional Riders.

Based on individual policies, if the policyholder chooses to stop paying premiums, one of the following nonforfeiture options may be available. Nonforfeiture options result in a paid-up policy that, while still providing coverage, greatly reduces the total amount of benefits available:

- Nonforfeiture Rider: A policyholder is determined to be eligible for this option if a Nonforfeiture Rider was purchased with the policy. This benefit provides coverage generally equal to the total premium paid, excluding waived premium. Lapse or cancellation at any time will be deemed an election of this benefit. If applicable, policyholders should review the Nonforfeiture Rider that was included with their policy for more detailed information.
- Contingent Nonforfeiture Benefit: A policyholder is determined to be eligible for this option when they meet a combination of issue age and size of the cumulative rate increases. This benefit provides coverage generally equal to the greater of total premium paid, excluding waived premium or 30 times the Nursing Home Daily benefit. The Contingent Nonforfeiture Benefit is only available to policyholders at the time of a premium rate increase for up to 120 days after their next Billing Anniversary Date on which this premium increase is effective.
- Optional Limited Benefit: A policyholder is determined to be eligible for the Optional Limited Benefit when neither the Nonforfeiture Rider nor Contingent Nonforfeiture Benefit is available. This benefit provides coverage generally equal to the total premiums paid on the policy, excluding waived premium, less any claims paid. The Optional Limited Benefit is only available to policyholders at the time of a premium rate increase for up to 120 days after their next Billing Anniversary Date on which this premium increase is effective.

The Coverage Options page in the Premium Increase Notice shows the current benefits and new premium. If the policyholder is comfortable with their current coverage, no further action is needed except to pay the increased premium. If the policyholder chooses to adjust their benefits, they may change their decision in writing within 60 days of our written confirmation of the benefits reduction. Following this, they cannot increase their benefits or go back to the original benefits.

Policyholders are encouraged to call our Customer Service Team at 888-274-6124. Our team will be able to answer questions and provide them with information regarding the Flexible Benefit Option, the 1% Compound Benefit Increase Option and other ways they may be able to reduce their premiums.

**Other Considerations**

- When reducing the maximum daily/monthly benefit or benefit period, the lifetime maximum will also be reduced.
- If a person has previously been on claim, it may not be appropriate for this person to adjust his or her elimination period.

**Quote Availability**

Quotes to include the premium rate increase are not available until after the policyholder's Premium Increase Notice has been mailed. The mailing date is approximately 68 days prior to the policyholder's rate action effective date. Once a premium rate increase has been added to a policy, any quotes provided prior to the policyholder's Premium Increase Notice being mailed will not include the new increased premium.

Reminder: The Inforce Rate Action Producer Quote Tool is accessible within individual policies on the LTC policy notification section of Genworth PRO (genworth.com/pro).

Find premium rate increase information you can share directly with your clients at genworth.com/LTCpremiums.

**Policy Prefixes**

- **Privileged Choice and Classic Select:** AAA, VAA, VBA, KAA, OAA, LAA, HAA, ARP, VAP, VOD, VOE