

# New Policy for Reducing & Removing the Benefit Increase Option (BIO)

August 21, 2017

**Effective:** 08/21/17

**States:** All but NY

**Contact:** If you have any questions about these changes, please contact your Genworth LTCI Sales Team.

Starting August 21, 2017 new procedures will take effect for long term care insurance policyholders who wish to reduce their Benefit Increase Option (BIO) to an available level or remove their BIO entirely.

**For all policies issued prior to October 1, 2007:**

- **New:** If reducing BIO: We will allow policyholders to retain their increased daily benefit amount (DBA). The new premium is calculated using original issue age, policy effective date and a new starting DBA that would have been required with the reduced BIO percentage to reach the policyholder's current increased DBA.
- **No Change:** If removing BIO: We will allow policyholders to retain their current increased DBA. The new premium is calculated based on the current original DBA at issue age and policy effective date with no BIO option.

**For Choice<sup>®</sup>, Privileged Choice<sup>®</sup> and Classic Select<sup>®</sup> policies issued on/after October 1, 2007:**

- **New:** If reducing or removing BIO: We will allow policyholders to retain their increased DBA. The new premium is calculated using original issue age, policy effective date and a new starting DBA that would have been required with the reduced (or no) BIO percentage to reach the policyholder's current increased DBA.

The increased DBA and total lifetime benefit will increase at the reduced BIO percentage going forward.

A hypothetical example is provided on the attached flyer: [New procedures to help policyholders](#)

**For Privileged Choice Flex<sup>®</sup>, Flex 2, Flex 3 and Flex 3 Enhanced:**

- **No Change:** If reducing or removing BIO: According to the approved policy form in most states, we will recalculate the current DBA and premium, from issue age and policy effective date, using the new (or no) BIO percentage. State exceptions apply. In the future, we may re-evaluate our procedures for these products.

Please see the reverse side for additional information.

*continued*

[genworth.com](http://genworth.com)

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Genworth companies include:

**Genworth Life and Annuity Insurance Company**, Richmond, VA

**Genworth Life Insurance Company**, Richmond, VA

**Genworth Life Insurance Company of New York**, New York, NY

Only Genworth Life Insurance Company of New York is admitted in and conducts business in New York.

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**What products are impacted by this change?**

All Genworth Life Insurance Company long term care insurance products with the exception of Privileged Choice Flex®, Flex 2, Flex 3 and Flex 3 Enhanced.

**Why are we doing this?**

To provide our policyholders with the option to retain their increased DBA if they choose to reduce or remove their BIO.

**Is this change being made as part of premium increases?**

No, this change is completely independent of any premium increase decisions. We are implementing this change to allow additional flexibility for our policyholders.

**When will this be effective?**

This is effective for BIO changes made on or after August 21, 2017.

**My client recently changed their BIO and did not retain their increased DBA. Can they select this option now?**

If a policyholder has changed their BIO in the past 60 days and wishes to keep their previously increased DBA, they may request that change. Their premiums will change to reflect the increased DBA retention and any outstanding balance will be due as of the date of the previous benefit change.

**Is my client required to keep their increased DBA?**

No. If a policyholder does not wish to retain the increased DBA amount they may choose to make a corresponding reduction to their DBA.

**How will quotes that I run be calculated?**

The IFA quote tool will generate a system quote that will keep the increased DBA. If desired, you can then adjust the DBA to the policyholder's desired premium and benefit amounts.

**Why are some quotes resulting in an increased premium?**

In cases where a policyholder has a high increased DBA amount, the quote may result in a greater premium to account for retaining the increased DBA. In these cases, to provide the policyholder a quote that meets their premium goals you will need to reduce other benefits or the current DBA to lower the premium.

**What other ways can policyholders reduce their premiums?**

Policyholders who wish to reduce their premiums may choose to retain their BIO while reducing their coverage in other ways such as increasing the Elimination Period, reducing the Lifetime Maximum or reducing their DBA amount. The ability to reduce each of these options is dependent upon their current benefit levels and subject to availability.

**How many policyholders request to reduce or remove their BIO?**

Approximately 5% of policyholders choose to reduce or remove their BIO when presented with a premium increase.

**What about state or Partnership minimums?**

Certain Partnership policies have minimum benefit levels that must be met to retain the asset protection features. We will remind policyholders of the Partnership requirements that apply to their policy. For any reduction requested that falls below required state Partnership benefit minimums, policyholders are required to acknowledge the Partnership disqualification via written signature.

**Does this change impact New York policies?**

No. New York policies are not impacted. These procedures apply to policies issued through Genworth Life Insurance Company. Different procedures exist for policies issued through Genworth Life Insurance Company of New York.