

## Privileged Choice Flex<sup>®</sup>: New Policy for Reducing the Benefit Increase Option (BIO)

October 26, 2020

**Effective:** 10/26/2010

**States:** All

**Contact:** If you have any questions about these changes, please contact our Customer Service Team at 877 710.0817.

Starting October 26, 2020 new procedures will take effect for **Privileged Choice Flex** long term care insurance policyholders who wish to reduce their Benefit Increase Option (BIO) to an available level.

- **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.

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

- **No Change:** If removing BIO: In accordance with the approved policy form in most states, when a policyholder drops BIO (either simple or compound) the policyholder's DBA will be reduced to the original issue amount. The new premium will be calculated based on the original DBA amount at issue age with no BIO.

State variations may apply.

Policyholders are encouraged to call our Customer Service Team at **877 710.0817**. Our team will be able to answer questions and provide policyholders with information about this update.

Please see the reverse side for additional information.

*continued*

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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?**

*This change impacts only Privileged Choice Flex at this time.*

**What BIO reduction options are available?**

*The following options for reducing or for dropping BIO are available:*

- *Policies that currently have 5% compound BIO can reduce to 5% simple BIO, 3% compound BIO or can drop BIO*
- *Policies that currently have 5% simple BIO can reduce to 3% compound BIO or can drop BIO*
- *Policies that currently have 3% compound BIO can only drop BIO*

**Why are we doing this?**

*To provide our policyholders with the option to retain their increased DBA if they choose to reduce (but not drop) their BIO.*

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

*No. We are implementing this change to allow additional flexibility for our policyholders. It can be exercised outside of a premium rate increase.*

**When will this be effective?**

*This is effective for BIO reductions made on or after October 26, 2020.*

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

*If a policyholder has reduced (but not dropped) 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 when reducing BIO?**

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

*Reminder: In most states, when a policyholder **drops BIO** (either simple or compound) the policyholder's DBA will be reduced to the original issue amount.*

**How will quotes that I run for reduced BIO be calculated?**

*The IFA quote tool will generate a system quote for BIO reductions 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, a quote for reduced BIO 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.*

**What about state or Partnership minimums?**

*Certain Partnership policies have minimum benefit levels that must be met to continue to qualify as a Partnership policy. Certain options to reduce benefits may not be available in some Partnership states. Where a requested reduction is allowed that we understand would reduce benefits below Partnership minimums, policyholders may be required to acknowledge the loss of or the likely loss of Partnership via written signature.*