

In-Force Rate Action Announcement: New **Stable Premium Option** for Choice 1 Policyholders

April 9, 2018

Effective: April 9, 2018

States: AR, CT, DC, GA, LA, MI, ND, OK, PA, SC, WI, WY

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

To help mitigate the impact of current and future planned premium increases, we are providing an additional coverage option for most of our Choice 1 policyholders to consider when faced with a premium increase. Beginning on April 9, 2018, the new **Stable Premium Option** Endorsement will be available in states where it's allowed.

This option provides a guarantee that **the new premium associated with the Stable Premium Option will not increase until at least 2028**, along with the following specific set of benefits¹:

- A three-year benefit period for individual policies and a six-year benefit period for shared policies (*Reminder, the benefit period is the period of time used in calculating the lifetime payment maximum. The policyholder's total available benefit payments are based on their lifetime payment maximum, not a certain period of time*).
- Retention of any increased maximum daily/monthly benefit
- Automatic compound 1% benefit increases going forward
- The choice of:
 1. An extended Elimination Period of 180 days for facility care and 90 days for home care, or
 2. A combination of 10% coinsurance (policyholder pays 10% of covered expenses) and a 100-day facility Elimination Period

Both choices continue to offer a home care benefit

The Stable Premium Option will be initially available in AR, CT², DC, GA, LA, MI, ND, OK, PA, SC, WI, WY. Individual state availability will be noted on state rate increase bulletins.

The Stable Premium Option will be shown on all eligible Choice 1 policyholders' premium increase notification letters as an additional choice along with 1) keep their current coverage, 2) additional options to change coverage and 3) pay nothing more, if applicable. Policyholders may have other ways to reduce their benefits other than those shown on their letter.

Policyholders are encouraged to call our Customer Service Team at **800-883-1127**. Our team will be able to answer questions and provide policyholders with information regarding the Stable Premium Option and other ways they may be able to reduce premiums.

Please see the following page for additional information.

Footnotes:

1. The Stable Premium Option benefits shown here are the baseline structure. States variations may apply.
2. Only the coinsurance choice is available for policies issued in Connecticut.

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Stable Premium Option additional information

1. Who is eligible for the Stable Premium Option?

The Stable Premium Option will only be available to eligible Choice 1 policyholders in approved states receiving a premium increase notification on and after April 9, 2018. The Stable Premium Option will be shown on all eligible policyholders' premium increase notification letters.

2. Which Choice 1 policyholders are not eligible for the Stable Premium Option?

The Stable Premium Option will not be available to:

- Policyholders currently on claim
- Policyholders who have less than a year left in their total benefit amount
- Limited pay policies
- Policyholders in states where the Stable Premium Option is not available

3. Can policyholders who currently have a two-year benefit period elect the Stable Premium Option?

Yes. We will allow policyholders who currently have a two-year benefit period to elect this option, even though they will be increasing their benefits.

4. Can policyholders who do not currently have a Benefit Increase Option (BIO) elect the Stable Premium Option?

Yes. The BIO percentage for everyone that elects the Stable Premium Option will be 1% compound, which is a new option for Choice 1. It is only available as part of the Stable Premium Option. We will be allowing policyholders to increase their benefit (from no BIO) if they elect this option.

5. Will the Stable Premium option cost more or less than current premiums?

Based on current policy benefits, selecting the Stable Premium Option may increase premium for some policyholders and decrease premium for others.

6. Is a policyholder able to change benefits in the future if they elect the Stable Premium Option?

Once a policyholder elects the Stable Premium Option, the only opportunity in the future to further reduce benefits is to change their current daily/monthly benefit amount to an available level, or drop any applicable riders.

7. Can a policyholder change their mind after selecting the Stable Premium Option?

Policyholders have the standard 60 days from the date we confirm their benefit change to change their mind once they have made their election.

8. Can producers quote the Stable Premium Option?

No. Producers will not be able to quote the Stable Premium Option. The initial quote will be provided on the policyholder's premium increase notification. Additional quotes can be obtained by calling our Customer Service Team at 800-883-1127.