



BULLETIN:

In-Force Rate Action Announcement: New Flexible Benefit Option for Privileged Choice[®] and Classic Select[®] Policyholders

March 16, 2020

Effective: Mar 16, 2020

States: All

Contact: If you have any questions about these changes, please contact our Customer Service Team at 800 883.1127.

To help mitigate the impact of current and future planned premium increases, we are providing an additional coverage option for *eligible* Privileged Choice and Classic Select policyholders to consider when facing a premium increase. Beginning on March 16, 2020, the new **Flexible Benefit option** endorsement will become available in states where it's allowed. State rate action bulletins will indicate if the Flexible Benefit option is available.

Overview of the Flexible Benefit option:

Currently, claim payments are made on a reimbursement basis. This means that policyholders may have to show receipts or invoices and are only reimbursed for actual covered expenses, subject to policy limits.

With the Flexible Benefit option, instead of submitting receipts and getting reimbursed for covered care, we simply pay benefits to policyholders in fixed payment amounts, which vary primarily by where covered care is provided. **These payments can then be used any way the policyholder chooses.** Features include:

1. A **remaining lifetime benefit amount** of:
 - **\$250,000** for individual policies
 - **\$400,000** for joint policies
2. An **optional** 1% annual compound inflation protection benefit
3. A **guarantee** that the new premium **will not increase until at least January 1, 2025**

For each full calendar month that a policyholder qualifies, they will receive one of the following monthly payments:

- **Nursing Home Benefit** (100% of the Monthly Maximum) which is:
 - \$6,945 for individual policies and \$5,556 for joint policies
- **Assisted Care Facility Benefit** (75% of the Monthly Maximum) which is:
 - \$5,209 for individual policies and \$4,167 for joint policies
- **Flexible Care Benefit** (50% of the Monthly Maximum) which is:
 - \$3,473 for individual policies and \$2,778 for joint policies - which can be used to help cover the costs of care outside of a facility, including home care

Payments are adjusted when a policyholder is eligible for benefits for only part of a calendar month and when more than one type of benefit may apply in a calendar month.

An extended Elimination Period (EP) of 180 days applies to the Nursing Home and Assisted Care Facility benefits and an EP of 90 days applies to the Flexible Care Benefit.

Overall, the Flexible Benefit option provides a simpler claims process and provides the policyholder flexibility in the way they can use their benefit dollars.

Please see the following page for additional information.

genworth.com

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.

FOR PRODUCER/AGENT USE ONLY. NOT TO BE REPRODUCED OR SHOWN TO THE PUBLIC.

©2020 Genworth Financial, Inc. All rights reserved.

241401FBO 3/16/2020

Page 1 of 2

Flexible Benefit option additional information

1. How do we know if a policyholder is eligible for the Flexible Benefit option?

If eligible, the Flexible Benefit option will be shown on the policyholder's premium increase notification letter as an additional choice along with 1) keep their current coverage, 2) additional options to change coverage and 3) pay nothing more, if applicable. There may be other ways to reduce benefits other than those shown on the letter.

2. Which Privileged Choice and Classic Select policyholders are not eligible for the Flexible Benefit option?

The Flexible Benefit option will not be available to:

- Policyholders with less than a remaining lifetime benefit amount of \$250,000 for individual policies and \$400,000 for joint policies. Policyholders under these remaining lifetime benefit amounts cannot buy-up to become eligible
- Policyholders currently on claim, in waiver of premium, or that have less than one year of remaining maximum benefits
- Policyholders in states where the Flexible Benefit option is not available
- Limited pay policies
- Paid-up policies; reduced paid-up policies (including those under non-forfeiture)

3. Will the new remaining lifetime benefit amount be offset by benefits already paid?

The new remaining lifetime benefit amount will not be reduced by benefits already paid before selecting the Flexible Benefit option, but future benefit payments will reduce and/or exhaust the remaining lifetime maximum.

4. What if a policyholder currently has a policy with a daily benefit amount?

If the Flexible Benefit option is selected, the policy will automatically convert from a daily to a monthly benefit.

5. Can policyholders who do not currently have any inflation protection select the optional 1% annual compound inflation protection benefit?

Yes. We will allow policyholders with no inflation protection to select the 1% annual compound inflation protection as part of the Flexible Benefit option.

6. Will the Flexible Benefit option cost more or less than a policyholder's current premium?

Depending on their benefit levels before a Flexible Benefit option election, a policyholder's Flexible Benefit option premium could be higher, lower, or similar to their current premium.

7. Can a policyholder change their mind after selecting the Flexible Benefit option?

The Flexible Benefit option is available up to 60 days after the next Billing Anniversary Date on which the rate increase becomes effective. If a policyholder chooses this option, they may change their decision in writing within 60 days of our written confirmation of the benefit changes under this option.

8. Is a policyholder able to change benefits in the future if they elect the Flexible Benefit option?

After the 60 day period, a policyholder cannot revert back to the benefits they had prior to electing the Flexible Benefit option. The only benefit change that will be available going forward is to drop an applicable rider or to elect other changes that we may make available in the future to reduce coverage.

9. Can producers quote the Flexible Benefit option?

Producers cannot quote the Flexible Benefit option. The initial quote will be on the policyholder's premium increase notification. You can obtain additional coverage option quotes by calling our Customer Service team at 800 883-1127.

Complete details, including how policyholders will qualify for benefits, are in the Flexible Benefit Option Endorsement. Only the endorsement has the actual terms of the Flexible Benefit option.

Producers and 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 Flexible Benefit option and other ways they may be able to reduce premiums.