



{Stat Company}

Long Term Care Insurance

Rate Increase

FREQUENTLY ASKED QUESTIONS

Premium Increases

Does my policy allow you to increase my premiums?

Your policy states that **{Stat Company}** has the right to increase your premiums. The face page of your policy describes how this must be done. Transamerica has complied with the terms of your policy and with applicable state insurance regulations.

As a reminder, your policy is guaranteed renewable. We cannot cancel your policy if you pay the required premium on or before the premium due date. However, we do have a right to change the premiums on your policy subject to approval by the appropriate state regulatory agency, if such approval is required. You should also be aware that even if you decide to change or reduce your current benefits, premium increases can occur in the future.

Will my premiums increase again in the future?

Yes, we expect to file future rate increases with insurance regulators in your state. As with this increase, future increases will be based on our experience with all long term care insurance policies like the one you hold. As stated in your policy, we will notify you of any future rate increases.

[OR - Alternate Language, If Single Increase Is Approved]

While we have no current plans for additional rate increases beyond those shown in the cover letter, future rate increases may occur. As with this increase, any future increases will be based on our experience with all long term care insurance policies like the one you hold. As stated in your policy, we will notify you of any future rate increases. ***[End of language for Single Increase]***

We hope that you can use this information about the likelihood of future premium increases to make an informed decision about benefit reduction options that may be available to lower your premium now.

Benefit Reduction Options

If I don't want to pay the increased premium, do I have any options?

Depending on your current level of benefits, you may be able to offset the premium increase by reducing the benefits in your policy. One or more of the following benefit reduction options may be available to you:

- Reduce your maximum lifetime benefit.
- Reduce your maximum daily benefit amount.

- Increase the length of your elimination period.
- Reduce your Benefit Increase Option rate, if your policy includes this feature.
- Remove your Benefit Increase Option, if your policy includes this feature.

Not all options are equal and some options will impact your coverage and your premium more than others. You should also keep in mind that if you reduce your coverage, you run the risk of increasing your out-of-pocket expenses at claim time. Furthermore, reducing your coverage now will not prevent rate increases in the future.

We are also providing a Contingent Nonforfeiture Benefit, available only to policyholders who stop paying their premiums within 120 days following the Rate Increase Effective Date. Please see the section below called “Nonforfeiture of Premiums.”

For more information about your options, please visit our website at [{url.com}](#) or contact our dedicated customer service representatives at 866-311-2048.

If I want to reduce my premiums, how long do I have to choose an option?

Although your premiums will increase on the Rate Increase Effective Date (see rate increase letter), you may choose to reduce the maximum lifetime benefit, reduce the maximum daily benefit, increase the length of your elimination period, reduce or remove the Benefit Increase Option (BIO) *at any time*. If you choose the Contingent Nonforfeiture Benefit, you must do so—either by not paying your premium or by notifying us—within 120 days following the Rate Increase Effective Date. (Please see the section below called “Nonforfeiture of Premiums.”)

Can you delay making my premium increase effective until I decide which option is best for me?

No, unfortunately, we cannot delay the premium increase. The increase will take effect on the Rate Increase Effective Date and you will need to pay your premium when due to prevent your policy from lapsing. However, you can still select a benefit reduction option or options (depending on your current level of benefits), even after you pay the increased premium. Please see the previous question about how long you have to choose an option. If you pay the increased premium, then later select a premium reduction option, we will refund (or credit to you) any overpayment of premium.

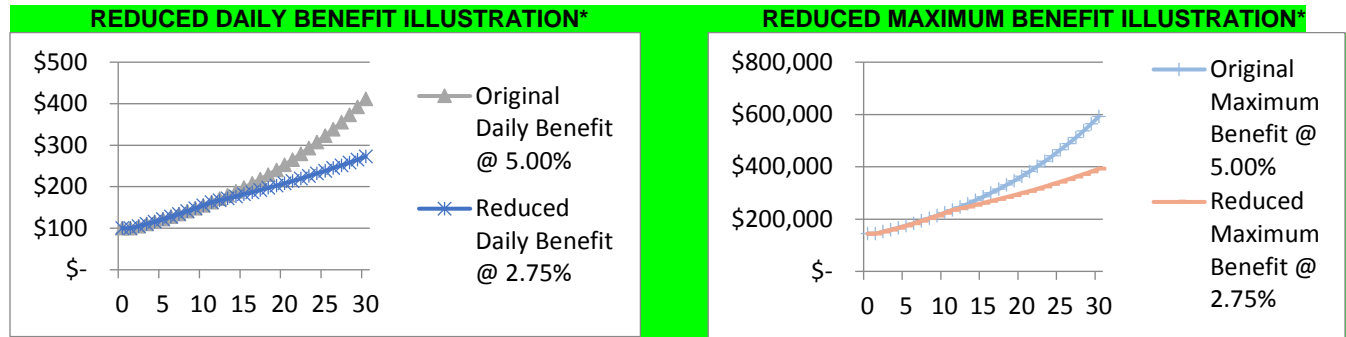
If I select a benefit reduction option (or options), when will my reduced premium take effect?

If we receive your selection *before* the Rate Increase Effective Date and your premium payments are up to date, your benefit reduction will take effect on the Rate Increase Effective Date. If we receive your selection *after* the Rate Increase Effective Date and your premium payments are up to date, your benefit reduction will take effect in the month after we receive your selection on the day in that month that matches your policy issue day. Your reduced premium will take effect on the same date.

If I reduce my current Benefit Increase Option rate, what impact will that have over time on increases in my daily benefit amount and maximum benefit amount?

Your Benefit Increase Option (BIO) automatically increases your benefit amount annually. If

you elect to reduce your BIO rate, your daily benefit amount will increase at a slower pace—resulting in a lower future daily benefit amount and a lower future maximum benefit—than if you maintained the current BIO rate. The graphs below illustrate how reducing your BIO rate in year 10 of the policy will affect your future daily benefit and future maximum benefit.



*Based on \$100 original daily benefit, 4 year benefit period, and 5% compound Benefit Increase Option.

Nonforfeiture of Premiums

If I choose not to pay my premium, what will happen to my coverage?

If you do not pay your premium when it becomes due, your current coverage will lapse. To prevent you from forfeiting (losing) the premiums you have already paid, we will provide a Contingent Nonforfeiture Benefit. The Contingent Nonforfeiture Benefit is not a cash value benefit. It provides benefit dollars only if you become eligible for and receive covered benefits.

This nonforfeiture benefit will allow your coverage to continue in a limited form without further premium payments. Although your daily benefit amount and elimination period will remain the same, your maximum lifetime benefit will be reduced to an amount equal to the total amount of the premiums you have already paid. Benefit increases under your Benefit Increase Option (if you have one) will stop. You will not be allowed to resume payment of premiums or make changes to your policy.

The Contingent Nonforfeiture Benefit will take effect automatically, if you stop paying your premiums within the 120 days following the Rate Increase Effective Date. This nonforfeiture benefit will *not* be available to policyholders who cease paying premiums at any other time.

Note: The Contingent Nonforfeiture Benefit provides very limited benefits. We urge you to carefully consider whether or not such limited benefits are appropriate for you. You may want to call our customer service representatives, or your insurance agent, to discuss the Contingent Nonforfeiture Benefit in greater detail.

[Add the following section for Partnership policies]

Partnership Qualified Long Term Care Policies - Loss of Medicaid Asset Protection

If I choose a benefit reduction option, will my policy still qualify for the Long Term Care Partnership Program?

Depending on your state and age, if you choose to *remove* your policy's Benefit Increase Option (BIO), your policy *will* no longer qualify as a Long Term Care Partnership policy and you will not be eligible for Medicaid asset protection. If you choose to *reduce* your policy's Benefit Increase Option (BIO), your policy *may* no longer qualify as a Long Term Care Partnership policy. Reducing your maximum daily benefit or your maximum lifetime benefit could also cause your policy to no longer qualify as a Long Term Care Partnership policy.

We strongly encourage you to evaluate the potential impact any benefit reduction option could have on your Long Term Care Partnership policy and Medicaid asset protection. Please contact a customer service representative or speak with a trusted advisor before you select an option.

Survivorship Considerations

My policy has a survivorship benefit. How will the premium increase affect me?

If your spouse or partner is deceased and your premiums are being waived under your survivorship benefit, then this premium increase will have *no* effect on you. Your policy is considered paid up for life, because of your survivorship benefit, and you do not need to pay any premiums. However, the rate increase would apply to premiums for benefits you may have added to your policy after your spouse or partner passed away.

If your policy has a survivorship benefit, but the benefit has not been invoked, then your policy is subject to the premium increase. To prevent your policy from lapsing, you must pay the increased premium or elect to reduce the premium increase by selecting one or more of the benefit reduction options described in these materials.

Please refer to your policy for the specific terms of your survivorship benefit. Usually, the survivorship benefit becomes available after two conditions are met: 1) your spouse or partner is deceased, and 2) you have paid premiums for 10 years. If you think you may be eligible for the survivorship benefit—paid up status and no premiums to pay—in the future, it may be in your best interest to pay the increased premium and make no changes to your coverage. For example, if your spouse or partner has passed away and you have paid in eight years of premiums, your policy could become paid up after two more years of premium payments. In this example, you might prefer to pay the increased premium for two more years.

Other Questions

My premiums are taken directly from my bank account. Do you need a new bank authorization form, now that my premium amount has changed?

No, your existing form will allow us to deduct the correct premium from your account.

I am currently receiving benefits under my policy and my premiums are being waived. How will the premium increase affect me?

The premium increase will not affect your current claim. Your policy will continue to provide benefits under the terms of the coverage you purchased. Your waiver of premium benefit will continue to work in the same way. If your premiums are currently being waived, the new

premium will also be waived, until you are no longer eligible for waiver of premiums, as stated in your policy. If you return to premium-paying status, you will need to pay the increased premium or choose one of the benefit reduction options available to you at that time.

Contact Us

We encourage you to visit our website at options.taltc.com. The website was specially designed to help you consider and evaluate your benefit reduction options. You can use the website to determine the cost of long term care services in your area—something you should consider when selecting the right amount of coverage for you.

You can also use the website's online scheduling tool to arrange a time for a customer service representative to call you—a time that is convenient for you and any family members, friends, or advisors that you would like to have on the call with you.

After visiting the website, you may have additional questions. Please feel free to call our Long Term Care Insurance customer service representatives at **866-311-2048**. Our dedicated representatives are available during normal business hours to answer questions. **Additional representatives will be available Monday through Friday between 4:00 p.m. and 8:00 p.m. ET to respond to questions about the premium increase.**

We know how much you value your long term care insurance and we want to work with you to keep this coverage in place. Please don't hesitate to contact us.