

## Why Choose Physicians Mutual for Long Term Care Insurance?

Agency Development has identified Physicians Mutual as the LTC carrier that best meets all of our preferred carrier requirements. With over 30 years experience in offering LTC insurance and top consumer rankings, Physicians Mutual has the financial stability and client friendly product features needed to pass “The Mother Test.”

1. Strong company financials
2. Monthly vs. daily (or weekly) benefit structure
3. Calendar Days (*Days of Illness*) vs. *Days of Care* approach to the elimination and waiver of premium period
4. A **single elimination period** for the lifetime of the plan
5. Care Coordinator feature (optional; can eliminate up to 90 days worth of elimination period for client)

### 1) Strong Company Financials

A.M. Best – *A* (excellent)  
Standard and Poors – *AA* (excellent)  
Weiss Safety Rating – *A* (excellent)

A study by the US General Accounting Office found the ratings by Weiss Ratings have been the most accurate predictor of an insurance company’s financial soundness (see [www.weissratings.com](http://www.weissratings.com)). For comparison sake, listed below are Weiss ratings for eight insurers involved in the long term care market. Many of the big name carriers find themselves out of the “A” category when it comes to their Weiss Safety Rating:

Physicians Mutual	A
John Hancock	A-
Met Life	B +
Travelers	B
TIAA-CREF	B
GE Capital	B-
Prudential	B-
Allianz	C
Aetna Health & Life	C

#### ***Quality Bond Portfolio:***

An important factor in Physicians’ financial stability is the quality of its bond portfolio.

	<b>Physicians Mutual</b>	<b>Industry Average*</b>
AAA to A (NAIC Class 1)	87.14 %	64.30 %
BBB (NAIC class 2)	11.83 %	28.30 %
Not rated (NAIC classes 3 to 6)	1.03 %	7.40 %

\*Industry Average: 12/3/01 Quality of Bond Holdings (American Council of Insurers)

## **2) Monthly vs. Daily Benefit Structure**

Physicians Mutual uses a **monthly** vs. a daily benefit approach. For example, with home health care, multiple services may be received on any given day creating the risk that a claimant may exceed a daily benefit. A **monthly benefit** opens up more benefit to cover expenses incurred for home health care and may reduce confusion at time of claim.

For example, each week a client incurs three days of expense of \$200, \$80, and \$80 per day respectively. With a \$100 **daily** benefit approach, the client realizes a \$100 per week shortfall on the day of the \$200 expense because the policy only pays a \$100 *daily* benefit maximum. Over the course of a year, this would result in a \$5,200 additional out-of-pocket per year expense for the client.

With a **monthly** benefit of \$3000, the insured would not incur any out of pocket expense, because the policy covers the first \$3000 of eligible expenses each month. In this scenario, one week's expense is \$280 ( $\$200 + 80 + 80 = \$280$ ), and four weeks would be \$1,120, a sum is still well under the policy's \$3,000 monthly benefit limit. All \$1,120 of the expenses are covered.

## **3) Calendar Days (Days of Illness) vs. Days of Care approach to the elimination and waiver of premium period**

Physicians Mutual counts **days of illness**, not *days of care* toward the satisfaction of the elimination period. This helps clients receive benefits much sooner than with other carriers in the marketplace.

For example, an average claimant begins receiving home health care of three to four days per week of care. At three days of care per week, a 90-day "days of care" elimination period actually takes 210 calendar days to satisfy. Physicians Mutual *calendar days* or "days of illness" elimination period begins on the date benefit eligibility is established and runs the number of elimination days selected by the insured (usually 90 days). After benefit eligibility is established, all days count toward satisfaction of the elimination period, regardless if care is received or not. For instance:

Assuming in the example above that home care averages \$100 a day, this would cost the client an extra \$4000 out of pocket if he/she had to wait until the 210th day to satisfy the elimination period and begin receiving benefits under the “day of care” approach, rather than the 91st day as under Physicians’ “days of illness approach.”

#### 4) A **single elimination period** for the lifetime of the plan.

Some plans require separate home health care and facility care elimination periods to be satisfied. Assume a client has a separate 90-day elimination period for both home health care and nursing home care, and the client begins receiving benefits in the home for three years before transitioning to a nursing home which has a \$3000 per month cost. The client would have an additional \$9,000 of out of pocket expenses while waiting for the 90-day nursing home waiver period to be fulfilled, even though the 90-day home health care elimination period had been satisfied three years earlier.

#### 5) **Care Coordinator** feature:

If the claimant uses the plan of care prescribed by the **Care Coordination** Advisor prior to incurring expenses for home health care, **Physicians Mutual waives the policy Elimination period up to a maximum of 90 days.** (The use of the Care Coordinator is voluntary and the Care Coordinators are not employees of Physicians Mutual or any of its subsidiaries).

Physicians encourages the use of Care Coordinators by its waiver of up to 90 days of the elimination period because it feels the assistance of a Care Coordinator can be effective in helping create the most appropriate home health plan of care, and the Care Coordinator can be a great resource for the insured’s family during a stressful time. There is no charge for this service to the insured.