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Mr. Bill Kox
Division of Insurance Services
Department of Employee Trust Funds
801 West Badger Road
Madison, WI 53702

**Re: Review of Mutual of Omaha Long-Term Care Insurance Policy LTC06UI-TQ-WI**

Dear Bill:

We have reviewed the proposal materials submitted by HealthChoice related to Mutual of Omaha Insurance Company's Tax Qualified Long-Term Care Insurance Plan LTC06UI-TQ-WI. This new policy will replace policy LTC041-AG-TQ-WI, Mutual of Omaha's currently offered plan. The new policy applies only to new applicants, not those currently covered. The proposal materials we reviewed included a summary of benefits and a comparison of benefits and rates to the policies currently offered by Mutual of Omaha and John Hancock. We did not review the underlying actuarial assumptions used in the derivation of the premium rates for the new policy.

Please note that the new policy is underwritten by United of Omaha Life Insurance Company, an affiliate of Mutual of Omaha Insurance Company. The current policy is underwritten by Mutual of Omaha Insurance Company. Mutual of Omaha and United of Omaha currently carry A.M. Best ratings of "A" (Excellent). Mutual of Omaha, including its affiliates, is a reputable leader in the long term care insurance industry.

The new policy appears to be inherently similar to the current policy but with additional included ancillary benefits. Also, there are more benefits amounts and optional benefits for the policyholder to choose from. One of the new included ancillary benefits is a five-year rate guarantee whereby premium rates cannot be increased by the company for five years after the date of issue. We reviewed the benefit structure and other policy features and find them to be consistent with industry norms for long term care plans.

We reviewed the supplied single insured rate comparison for a sample plan for quinquennial issue ages 40-70 for benefit periods of 3-years, 5-years, and unlimited. The rates for the new policy are similar to the rates for the old policy for the 3- and 5-year benefit periods, ranging from 6% lower to 12% higher. The rates for the unlimited benefit period are 24-33% higher. This difference may be due to the extra risk associated with the unlimited benefit period in regards to the new ancillary benefits including the five-year rate guarantee. The new rates are very close to the John Hancock rates with rates for most issue ages across all benefit periods within 5% and with an overall range of 5% lower to 19% higher. It should be noted that the new policy includes a spousal discount of 35% as compared to 30% for the current Mutual of Omaha and John Hancock policies. This reflects the industry trend towards higher spousal discounts due to lower expected claims for married insureds.

Please note that these premium relationships are based on high level comparisons and may not be meaningful indicators of the relative values of the plans and rates for all prospective insureds. Benefit design differences that do not appear significant overall may have significant value for certain individuals depending on their circumstances and insurance protection needs. Also, other factors such as customer service quality, claim processing standards, likelihood of future rate increases, etc. should be considered by applicants based on their own unique criteria in evaluating the relative values of the plans.

Although we did not review the underlying actuarial assumptions, we reviewed the assumptions for the current policy in May of 2005. That policy was approved by the Wisconsin Office of the Commissioner of Insurance in July 2004. In our review of the current policy, we noted that the actuarial assumptions were consistent with what we saw used by the other reputable insurers in the industry. We also noted that by 2004 most LTC carriers had "trued up" their new business premium rates to reflect the latest claim cost and lapse rate trends. We would expect that the assumptions for the new policy are similar to that for the old policy due to the short amount of time between approval of the products. Under insurance regulations promulgated by the state of Wisconsin, long term care insurance premium rates must be sufficient to cover anticipated costs under moderately adverse experience, and we find no reason to believe that the premium rates provided would not be sufficient.

Based on our review we believe the proposal is reasonable and appears to be in line with current industry trends. It provides adequate assurance that the plan design is sound and that the premium rates are reasonable in relation to the benefits provided.

Sincerely,

James Searcy　　　　Timothy D. Gustafson

James H. Scearcy, FSA, MAAA　　　　Timothy D. Gustafson, FSA, MAAA