



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

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Madison WI 53707-7931

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CORRESPONDENCE MEMORANDUM

DATE: January 13, 2012
TO: Group Insurance Board
FROM: Roni Harper, Manager, Optional Insurance Plans
Division of Insurance Services
SUBJECT: Consideration of Long-Term Care Proposal
United of Omaha Premium Increase

CONFIDENTIAL

Staff requests the Group Insurance Board (GIB) approve the premium increase as requested for the United of Omaha long-term care insurance policy for new policies marketed to State of Wisconsin employees, annuitants, and their families through HealthChoice Long-Term Care Solutions (HealthChoice).

BACKGROUND

Since June 2011, the United of Omaha Insurance Company, through its marketing agent HealthChoice, has been the sole insurer marketing long-term care (LTC) insurance to State of Wisconsin employees and their families under the provisions of Wisconsin Admin. Code ETF 41. In 2011, an updated John Hancock LTC plan was not renewed because of limitations in its inflation protection provisions. HealthChoice has been marketing GIB-approved LTC insurance in Wisconsin since 1995.

The United LTCi Solutions series is approved by the Wisconsin Commissioner of Insurance (OCI) as policy series LTC09U-AG-WISE. The approved series offers two versions in Wisconsin: Assured Solutions Gold and Cash-First. The benefits offered by the United of Omaha policy itself would not change under this proposal. It continues to meet all the requirements of the GIB guidelines for optional group insurance plans.

United of Omaha ranked fifth in annualized LTCi sales by premium in 2010, behind John Hancock, Genworth, Northwestern, and Prudential. Mutual of Omaha, the parent company of United of Omaha, is rated A+ (Superior) by A.M. Best and A1 (Good) by Moody's.

Reviewed and approved by Lisa Ellinger, Division of Insurance Services
Lisa Ellinger 1/20/12
Signature Date

Board	Mtg Date	Item #
GIB	2.7.12	6A

DISCUSSION

United of Omaha has requested rate increases in premiums charged for the inflation riders on new business. The five percent (5%) 20-year compound inflation protection is only offered to policyholders age 65 and older, as approved by the GIB in 2009. There is also a lifetime five percent (5%) compound inflation rider available to all purchasers. The rate changes would not affect existing policyholders. The change would become effective on February 8, 2012, if approved by the GIB.

United of Omaha explained in its proposal (attached) that a premium rate increase is needed "due to the sustained, low interest rate environment". United Of Omaha cites additional industry trends including higher claim costs, "improved persistency" (lower lapse rate than anticipated), and demographic shifts as reasons to update assumptions for rate setting and the need to maintain a level of profitability that will allow the organization to remain in the LTC market.

This rate increase has been approved by OCI and has also been filed in 47 other states, where over half had already approved the rate increase as of December 20, 2011.

ACTUARIAL REVIEW

The GIB's consulting actuary, Deloitte Consulting LLP (Deloitte) has reviewed the proposal from United of Omaha (see attachment). Deloitte found that the range of rate increases within the policy, depending on age and inflation rider, was approximately 15% to 50%. In addition, Deloitte said the varying rate increases were "within a range of what we would typically expect in light of the current interest rate environment". Overall, the Deloitte assessment found the proposed policy and premiums to be reasonable and in line with the parameters of GIB guidelines.

CONCLUSION

Based on review by ETF staff and Deloitte, staff recommend approval of the proposed premium rate increases for inflation riders that are sold as new business by United of Omaha to State of Wisconsin employees and their families effective February 8, 2012.

Attachments: HealthChoice Insurance Solutions Rate Change Notification
Single Premium Rate Comparisons 2012
Deloitte Consulting LLP assessment letter

CONFIDENTIAL

*HealthChoice*TM INSURANCE SOLUTIONS

State of Wisconsin Employees and Annuity
583 D'Onofrio Drive, #101 Madison, WI 53719 (608) 833-2524

LONG-TERM CARE SOLUTIONS

RATE CHANGE NOTIFICATION TO THE STATE OF
WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS
& WISCONSIN GROUP INSURANCE BOARD

United of Omaha Life Insurance Company
Rate Adjustment for Inflation Riders- New Business Only 2012
Form # LTC09U-AG-WISE

December 8, 2011

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December 8, 2011

Ms. Roni Harper
Manager of Optional Insurance Plans and Audits
Department of Employee Trust Funds
Wisconsin Group Insurance Board
Roni.harper@etf.state.wi.us
608-264-5801

RE: HealthChoice/United of Omaha New Business Rate Change Notification

Dear Ms. Harper,

As required for Board Approval, please find enclosed information pertaining to the new business rate adjustment on the United of Omaha Long Term Care Insurance marketed to the State of Wisconsin Employee Trust Funds (ETF) Group by HealthChoice Insurance Solutions. The policy form affected is LTC09U-AG-WISE. The change is a rate increase on inflation riders only and for new business only. The rate change does not affect existing policyholders, and is not effective until Board approval, on or after February 7th, 2012.

The rate adjustment on the inflation riders is necessary due to the sustained, low interest rate environment, among other factors. The cost of maintaining the 5% compounding increased benefit is greater than the base policy itself. It is our position that all companies who have not yet, will be adjusting their inflation rider rates based on these factors. Please note that this change is not isolated to the state of Wisconsin ETF group and is being implemented nationally.

Please review the enclosed documents:

- 11/10/11 New Business Rate Change Notification Letter from United of Omaha
- 12/8/11 New Business Rate Change Notification Letter from United of Omaha- Rate Justification Additional Information
- Rate Comparisons (2, 4, or 5?)

Please contact us if you have questions or require further information.

Sincerely,

Cliff Morris
(800) 833-5823
cwmorris@healthchoice.com

Robert Pearson
(608) 833-2524
robertp@navgate.org

Julieta Dykstra
(608) 833-2524
juliettd@navgate.com

UNITED of OMAHA LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, NE 68175
402 342 7600
mutualofomaha.com

CONFIDENTIAL



Mutual of Omaha

November 10, 2011

Ms Roni Harper
Manager of Optional Insurance Plans and Audits
Department of Employee Trust Funds
Wisconsin Group Insurance Board
roni.harper@eff.state.wi.us
608 264-7905
Fax- 608 266-5801

RE: United of Omaha New Business Rate Change Notification

Dear Ms. Harper,

This letter is to notify the Wisconsin Group Insurance Board (GIB) and you of the new business rate adjustment on the United of Omaha Long Term Care Insurance product marketed to the State of Wisconsin Employee Trust Funds (ETF) group. The specific policy form affected is LTC09U-AG-WISE. This rate adjustment is for new business only, and will be done through filing new inflation riders with adjusted rates.

The rate adjustment is necessary due to the sustained, low interest rate environment. Please know that this rate adjustment is not isolated to the state of Wisconsin ETF group and is being filed nationally.

The percent increase on the inflation riders will vary depending on age and the inflation rider selected. The inflation riders currently being marketed to ETF include either a 5% Compound Lifetime or 5% Compound 20 Year inflation option. Specific examples of how the rates have been adjusted are shown below:

- Age 50, 5% Compound Inflation Lifetime, 56% increase
- Age 50, 5% Compound Inflation 20 Year, 16% increase
- Age 60, 5% Compound Inflation Lifetime, 43% increase
- Age 60, 5% Compound Inflation 20 Year, 28% increase

We are in the process of filing the inflation riders with the adjusted rates with the Wisconsin Office of the Commissioner of Insurance. Once approved, we will notify you of the effective date. The new inflation riders with adjusted rates will be applied to new business only from the effective date forward. Please be advised that current policyholders will not be affected by this change.

We recognize this action impacts you, and we are committed to providing you with any additional information you may need. If you have any further questions, please feel to contact me.

Sincerely,
Mary Swanson, FSA, MAAA
LTC Product Performance Director

CC:
HealthChoice Long-term Care for State Employees and Annuitants
Bob Pearson
Cliff Morris

UNITED of OMAHA LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, NE 68175
402 342 7600
mutualofomaha.com

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Mutual of Omaha

December 08, 2011

Ms Roni Harper
Manager of Optional Insurance Plans and Audits
Department of Employee Trust Funds
Wisconsin Group Insurance Board
roni.harper@etf.state.wi.us
608 264-7905
Fax- 608 266-5801

RE: United of Omaha New Business Rate Change Notification

Dear Ms. Harper,

This letter is to provide the Wisconsin Group Insurance Board (GIB) and you some additional information regarding the justification for the new business rate adjustment on the United of Omaha Long Term Care Insurance product marketed to the State of Wisconsin Employee Trust Funds (ETF) group.

As stated in the letter addressed to you dated November 11, 2011, the rate adjustment is necessary due to the sustained, low interest rate environment. In addition to that reason, it is important to understand United of Omaha considers LTCI as a core product, which means it's a major part of our long-term business strategy. As we remain committed to this market, it is important that we actively monitor emerging industry trends. Although we have updated all of our assumptions, the key items that influenced these rate changes include the low interest rate environment, higher claim costs, improved persistency and demographic shifts. All assumption changes were filed and approved with the Wisconsin Office of the Commissioner of Insurance.

As we are all aware, investment rates have decreased significantly. We have reduced our long term investment assumption due to our long term expectation of returns. Profitability of the inflation riders was impacted greatly by this change given the larger reliance of the investment income.

Morbidity continues to be reviewed and adjusted annually at Mutual of Omaha. We recently had a review completed by Milliman concerning our claims experience as well as our pricing assumption. We have updated the assumption based on this review. Main adjustments include changes to care coordination expectations, married selection factors, overall utilization assumptions (especially for lifetime benefit period) and future assumptions for claim terminations.

Although our ultimate lapse rate assumption was at 1%, our experience is showing a lower ultimate lapse rate (0.75%) for married individuals. We continue to update our experience and incorporate these assumptions into our modeling.

Based on the above assumption changes, the shift in demographics also has contributed to a reduction in profitability.

For these reasons, we are adjusting rates on our inflation riders (including Guaranteed Purchase Option) on new business for the United LTCI Solutions product portfolios. This action will help ensure we will remain a major player in the LTCI market for years to come.

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If you have any further questions, please feel to contact me.

Sincerely,

A handwritten signature in black ink that reads "Mary Swanson". The signature is written in a cursive, flowing style.

Mary Swanson, FSA, MAAA
LTC Product Performance Director

CC:
HealthChoice Long-term Care for State Employees and Annuitants
Bob Pearson
Cliff Morris

5% for 20-YEAR PREMIUM RATE COMPARISONS 2012

*All rates below were calculated using:

90-Day Elimination Period (United of Omaha always includes First-Day Cash);

5% Compound Inflation for 20-Years (Available for Ages 65+);

Special ETF Employee Discount;

The Plan-Specific Values Listed Underneath Each Company/Policy Name.

PREMIUM COMPARISON -- STARTING POOL OF MONEY #1				
	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$100,000	\$100,000	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)
AGE 65 -- Married Preferred	\$ 1,011.07	\$ 1,243.62	\$ 1,033.95	\$ 1,271.76
AGE 70 -- Married Preferred	\$ 1,751.12	\$ 1,996.28	\$ 1,783.60	\$ 2,033.30
AGE 65 -- Married Select	\$ 1,189.50	\$ 1,463.09	\$ 1,216.40	\$ 1,496.17
AGE 70 -- Married Select	\$ 2,060.13	\$ 2,348.57	\$ 2,098.35	\$ 2,392.12
AGE 65 -- Single Preferred	\$ 1,555.49	\$ 1,913.25	\$ 1,590.68	\$ 1,956.54
AGE 70 -- Single Preferred	\$ 2,694.04	\$ 3,071.21	\$ 2,744.00	\$ 3,128.16
AGE 65 -- Single Select	\$ 1,830.00	\$ 2,250.90	\$ 1,871.40	\$ 2,301.82
AGE 70 -- Single Select	\$ 3,169.46	\$ 3,613.18	\$ 3,228.24	\$ 3,680.19

PREMIUM COMPARISON -- STARTING POOL OF MONEY #2				
	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$175,000	\$175,000	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)
AGE 65 -- Married Preferred	\$ 1,398.02	\$ 1,719.56	\$ 1,394.28	\$ 1,714.96
AGE 70 -- Married Preferred	\$ 2,367.14	\$ 2,698.54	\$ 2,359.22	\$ 2,689.51
AGE 65 -- Married Select	\$ 1,644.74	\$ 2,023.03	\$ 1,640.33	\$ 2,017.61
AGE 70 -- Married Select	\$ 2,784.87	\$ 3,174.75	\$ 2,775.56	\$ 3,164.14
AGE 65 -- Single Preferred	\$ 2,150.82	\$ 2,645.51	\$ 2,145.04	\$ 2,638.40
AGE 70 -- Single Preferred	\$ 3,641.75	\$ 4,151.60	\$ 3,629.57	\$ 4,137.71
AGE 65 -- Single Select	\$ 2,530.37	\$ 3,112.36	\$ 2,523.59	\$ 3,104.02
AGE 70 -- Single Select	\$ 4,284.41	\$ 4,884.23	\$ 4,270.09	\$ 4,867.90

PREMIUM COMPARISON -- STARTING POOL OF MONEY #3				
	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	Lifetime	Lifetime	Lifetime	Lifetime
AGE 65 -- Married Preferred	\$ 2,153.82	\$ 2,649.20	\$ 2,111.59	\$ 2,597.26
AGE 70 -- Married Preferred	\$ 3,667.26	\$ 4,180.68	\$ 3,595.35	\$ 4,098.70
AGE 65 -- Married Select	\$ 2,533.91	\$ 3,116.71	\$ 2,484.23	\$ 3,055.60
AGE 70 -- Married Select	\$ 4,314.42	\$ 4,918.44	\$ 4,229.82	\$ 4,821.99
AGE 65 -- Single Preferred	\$ 3,313.58	\$ 4,075.70	\$ 3,248.61	\$ 3,995.79
AGE 70 -- Single Preferred	\$ 5,641.93	\$ 6,431.80	\$ 5,531.30	\$ 6,305.68
AGE 65 -- Single Select	\$ 3,898.33	\$ 4,794.95	\$ 3,821.89	\$ 4,700.92
AGE 70 -- Single Select	\$ 6,637.56	\$ 7,566.82	\$ 6,507.41	\$ 7,418.45

MARRIED PREMIUM RATE COMPARISONS 2012

*All rates below were calculated using:

Married Both Issued (Individual) Rates:

90-Day Elimination Period (United of Omaha always includes First-Day Cash);

5% Compound Inflation;

Preferred Underwriting Rating;

Special ETF Employee Discount (John Hancock = 5% Sponsored Group - Voluntary);

The Plan-Specific Values Listed Underneath Each Company/Policy Name.

MARRIED PREMIUM COMPARISON -- STARTING POOL OF MONEY #1

	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIII
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$100,000	\$100,000	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)
AGE 40	\$ 661.72	\$ 899.94	\$ 665.60	\$ 905.22	\$ 1,402.24
AGE 45	\$ 671.62	\$ 987.28	\$ 676.36	\$ 994.25	\$ 1,434.40
AGE 50	\$ 707.70	\$ 1,104.01	\$ 713.45	\$ 1,112.98	\$ 1,460.13
AGE 55	\$ 756.74	\$ 1,188.08	\$ 763.92	\$ 1,199.35	\$ 1,550.18
AGE 60	\$ 910.72	\$ 1,302.33	\$ 920.59	\$ 1,316.44	\$ 1,704.56
AGE 65	\$ 1,236.43	\$ 1,557.90	\$ 1,264.40	\$ 1,593.14	\$ 2,096.93
AGE 70	\$ 1,870.76	\$ 2,188.79	\$ 1,905.46	\$ 2,229.39	\$ 2,682.27

MARRIED PREMIUM COMPARISON -- STARTING POOL OF MONEY #2

	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIII
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$175,000	\$175,000	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)
AGE 40	\$ 883.92	\$ 1,202.13	\$ 872.12	\$ 1,186.08	\$ 1,614.51
AGE 45	\$ 902.92	\$ 1,327.29	\$ 891.21	\$ 1,310.08	\$ 1,646.67
AGE 50	\$ 955.62	\$ 1,490.77	\$ 943.11	\$ 1,471.25	\$ 1,672.40
AGE 55	\$ 1,027.67	\$ 1,613.44	\$ 1,014.09	\$ 1,592.12	\$ 1,762.45
AGE 60	\$ 1,246.77	\$ 1,763.88	\$ 1,250.70	\$ 1,749.90	\$ 1,936.12
AGE 65	\$ 1,709.64	\$ 2,154.15	\$ 1,705.05	\$ 2,148.36	\$ 2,392.81
AGE 70	\$ 2,528.85	\$ 2,958.75	\$ 2,520.41	\$ 2,948.88	\$ 3,126.09

MARRIED PREMIUM COMPARISON -- STARTING POOL OF MONEY #3

	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIII
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	Lifetime	Lifetime	Lifetime	Lifetime	\$360,000 (120 Mos.)
AGE 40	\$ 1,402.08	\$ 1,906.83	\$ 1,360.98	\$ 1,850.93	\$ 2,199.84
AGE 45	\$ 1,431.08	\$ 2,103.69	\$ 1,389.13	\$ 2,042.02	\$ 2,244.87
AGE 50	\$ 1,496.06	\$ 2,333.85	\$ 1,452.20	\$ 2,265.43	\$ 2,322.06
AGE 55	\$ 1,871.87	\$ 2,467.36	\$ 1,825.50	\$ 2,395.04	\$ 2,437.84
AGE 60	\$ 1,907.68	\$ 2,727.98	\$ 1,851.75	\$ 2,648.00	\$ 2,707.99
AGE 65	\$ 2,633.90	\$ 3,318.71	\$ 2,582.25	\$ 3,253.64	\$ 3,364.09
AGE 70	\$ 3,917.81	\$ 4,583.84	\$ 3,840.99	\$ 4,493.96	\$ 4,180.99

MARRIED PREMIUM RATE COMPARISONS 2012

*All rates below were calculated using:

Married Both Issued (Individual) Rates;

90-Day Elimination Period (United of Omaha always includes First-Day Cash);

5% Compound Inflation;

Select/Standard Underwriting Rating;

Special ETF Employee Discount (John Hancock = 5% Sponsored Group - Voluntary);

The Plan-Specific Values Listed Underneath Each Company/Policy Name.

MARRIED PREMIUM COMPARISON -- STARTING POOL OF MONEY #1

	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIH
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$100,000	\$100,000	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)
AGE 40	\$ 778.50	\$ 1,058.76	\$ 783.07	\$ 1,064.98	\$ 1,510.10
AGE 45	\$ 790.15	\$ 1,161.52	\$ 795.72	\$ 1,169.71	\$ 1,544.74
AGE 50	\$ 832.58	\$ 1,298.82	\$ 839.36	\$ 1,309.40	\$ 1,572.45
AGE 55	\$ 890.28	\$ 1,397.74	\$ 898.73	\$ 1,411.01	\$ 1,669.43
AGE 60	\$ 1,071.41	\$ 1,532.14	\$ 1,083.05	\$ 1,548.76	\$ 1,855.68
AGE 65	\$ 1,454.63	\$ 1,832.83	\$ 1,487.53	\$ 1,874.29	\$ 2,258.23
AGE 70	\$ 2,200.91	\$ 2,575.06	\$ 2,241.72	\$ 2,622.81	\$ 2,888.59

MARRIED PREMIUM COMPARISON -- STARTING POOL OF MONEY #2

	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIH
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$175,000	\$175,000	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)
AGE 40	\$ 1,039.90	\$ 1,414.26	\$ 1,026.02	\$ 1,395.39	\$ 1,738.70
AGE 45	\$ 1,062.26	\$ 1,561.52	\$ 1,048.49	\$ 1,541.28	\$ 1,773.33
AGE 50	\$ 1,124.27	\$ 1,753.86	\$ 1,109.55	\$ 1,730.90	\$ 1,801.04
AGE 55	\$ 1,309.02	\$ 1,898.16	\$ 1,193.05	\$ 1,873.09	\$ 1,888.02
AGE 60	\$ 1,466.79	\$ 2,097.51	\$ 1,447.87	\$ 2,070.45	\$ 2,085.05
AGE 65	\$ 2,011.35	\$ 2,534.30	\$ 2,005.94	\$ 2,527.48	\$ 2,576.88
AGE 70	\$ 2,975.13	\$ 3,480.90	\$ 2,965.19	\$ 3,469.27	\$ 3,366.56

MARRIED PREMIUM COMPARISON -- STARTING POOL OF MONEY #3

	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIH
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	Lifetime	Lifetime	Lifetime	Lifetime	\$360,000 (120 Mos.)
AGE 40	\$ 1,649.51	\$ 2,243.33	\$ 1,601.16	\$ 2,177.58	\$ 2,369.06
AGE 45	\$ 1,683.61	\$ 2,474.91	\$ 1,634.26	\$ 2,402.36	\$ 2,417.55
AGE 50	\$ 1,760.07	\$ 2,745.71	\$ 1,708.47	\$ 2,665.21	\$ 2,500.68
AGE 55	\$ 1,848.93	\$ 2,932.82	\$ 1,794.72	\$ 2,817.71	\$ 2,625.36
AGE 60	\$ 2,244.32	\$ 3,209.38	\$ 2,178.53	\$ 3,115.30	\$ 2,916.30
AGE 65	\$ 3,098.70	\$ 3,904.36	\$ 3,037.94	\$ 3,827.80	\$ 3,622.86
AGE 70	\$ 4,609.20	\$ 5,392.76	\$ 4,518.82	\$ 5,287.02	\$ 4,502.60

SINGLE PREMIUM RATE COMPARISONS 2012

*All rates below were calculated using:

Single Rates;

90-Day Elimination Period (United of Omaha always includes First-Day Cash);

5% Compound Inflation;

Preferred Underwriting Rating;

Special ETF Employee Discount (John Hancock = 5% Sponsored Group - Voluntary);

The Plan-Specific Values Listed Underneath Each Company/Policy Name.

SINGLE PREMIUM COMPARISON -- STARTING POOL OF MONEY #1					
	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIH
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$100,000	\$100,000	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)	\$108,000 (36 Mos.)
AGE 40	\$ 1,018.03	\$ 1,384.52	\$ 1,024.00	\$ 1,392.64	\$ 1,941.56
AGE 45	\$ 1,033.27	\$ 1,518.91	\$ 1,040.56	\$ 1,529.62	\$ 1,986.09
AGE 50	\$ 1,088.75	\$ 1,698.45	\$ 1,097.62	\$ 1,712.29	\$ 2,021.72
AGE 55	\$ 1,164.21	\$ 1,827.31	\$ 1,175.17	\$ 1,845.17	\$ 2,146.31
AGE 60	\$ 1,401.09	\$ 2,003.56	\$ 1,416.29	\$ 2,025.39	\$ 2,361.16
AGE 65	\$ 1,902.20	\$ 2,396.77	\$ 1,945.23	\$ 2,450.99	\$ 2,903.44
AGE 70	\$ 2,878.12	\$ 3,367.40	\$ 2,931.48	\$ 3,429.83	\$ 3,713.91

SINGLE PREMIUM COMPARISON -- STARTING POOL OF MONEY #2					
	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIH
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	\$175,000	\$175,000	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)	\$180,000 (60 Mos.)
AGE 40	\$ 1,359.87	\$ 1,849.42	\$ 1,341.73	\$ 1,824.75	\$ 2,235.47
AGE 45	\$ 1,389.11	\$ 2,041.99	\$ 1,371.69	\$ 2,015.50	\$ 2,280.60
AGE 50	\$ 1,470.21	\$ 2,293.53	\$ 1,450.95	\$ 2,263.48	\$ 2,315.63
AGE 55	\$ 1,581.04	\$ 2,482.23	\$ 1,560.11	\$ 2,449.42	\$ 2,440.31
AGE 60	\$ 1,918.11	\$ 2,742.90	\$ 1,893.32	\$ 2,707.53	\$ 2,680.28
AGE 65	\$ 2,630.23	\$ 3,314.09	\$ 2,623.16	\$ 3,305.18	\$ 3,313.13
AGE 70	\$ 3,890.55	\$ 4,551.94	\$ 3,877.55	\$ 4,536.73	\$ 4,328.44

SINGLE PREMIUM COMPARISON -- STARTING POOL OF MONEY #3					
	United of Omaha '09 CASH-First	United of Omaha '12 CASH-First	UoO Assured Solutions GOLD '09	UoO Assured Solutions GOLD '12	John Hancock CCIH
FIRST-DAY CASH BENEFIT =>	\$1,200/Month	\$1,200/Month	\$1,200/Month	\$1,200/Month	None
NH, ALF, BASIC HHC BENEFIT =>	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
PROFESSIONAL HHC BENEFIT =>	\$6,000/Month	\$6,000/Month	\$3,000/Month	\$3,000/Month	\$3,000/Month
STARTING POOL OF MONEY =>	Lifetime	Lifetime	Lifetime	Lifetime	\$360,000 (120 Mos.)
AGE 40	\$ 2,157.06	\$ 2,933.60	\$ 2,093.82	\$ 2,847.60	\$ 3,045.94
AGE 45	\$ 2,201.65	\$ 3,236.43	\$ 2,137.11	\$ 3,141.55	\$ 3,108.28
AGE 50	\$ 2,301.64	\$ 3,590.56	\$ 2,234.16	\$ 3,485.29	\$ 3,215.16
AGE 55	\$ 2,417.31	\$ 3,995.96	\$ 2,346.93	\$ 3,684.68	\$ 3,375.47
AGE 60	\$ 2,933.89	\$ 4,796.89	\$ 2,848.85	\$ 4,073.86	\$ 3,749.53
AGE 65	\$ 4,052.16	\$ 5,105.72	\$ 3,972.70	\$ 5,005.60	\$ 4,657.97
AGE 70	\$ 6,027.41	\$ 7,052.07	\$ 5,909.22	\$ 6,913.79	\$ 5,789.06



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January 11, 2012

Roni Harper
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Department of Employee Trust Funds
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Re: Assessment of Rate Adjustment for United of Omaha's Long-Term Care Insurance Plan

Dear Roni:

We have reviewed the materials submitted by United of Omaha and HealthChoice related to the requested rate increase for United of Omaha's Long-Term Care (LTC) Insurance plan. The proposal materials we reviewed included letters from both HealthChoice and United of Omaha describing the need for the rate increase, premium rate schedules, and correspondence between United of Omaha and ETF staff.

Based on our assessment, we believe the proposed premium rates are reasonable and satisfy the Group Insurance Board's requirements.

The remainder of this document summarizes specific issues examined during our analysis.

Scope of Rate Increase

The magnitude of the rate increase ranges from approximately 15%-50%, depending on a number of rating factors, including age, marital status, and benefit period.

In a letter dated December 8, 2011, HealthChoice noted that rate increase would affect only newly issued policies with inflation protection riders, and is in the process of being implemented nationally. Because the rate increase is not imposed on existing policyholders who would not be able to secure less expensive coverage with another carrier without being re-underwritten, the downside impact of the rate increase is minimized.

United of Omaha also confirmed that as of December 20, 2011, over half of the 47 states have already approved the rate increase, and the rates for the ETF plan were handled consistent with the rest of the business.

Justification for Rate Increase

In a letter dated December 08, 2011, Mary Swanson, an actuary from United of Omaha, wrote that the rate increase is needed due to "a sustained, low interest rate environment, higher claim costs, improved persistency, and demographic shifts." It was later noted that the most significant driver of the change is the current interest rate environment.

Roni Harper
December 27, 2011
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Our recent experience with other LTC insurers in the industry suggests that the current interest rate environment is putting pressure on the pricing of LTC insurance contracts. We therefore find this justification reasonable.

Analysis of Premium Levels

We reviewed the premium rate increase materials for reasonableness and find the requested increases to be within a range of what we would typically expect in light of the current interest rate environment. In particular, we noted that:

- Policies with lifetime benefit periods received higher rate increases relative to policies with defined benefit periods, which we find reasonable given our experience with similar contracts in the industry.
- Policies for younger age groups received higher rate increases, on a percentage basis, relative to policies for older ages, which we find reasonable given that younger policies generally persist longer than older policies, and are therefore more sensitive to fluctuations in interest rates.
- The new premium rates are in-line with what other insurers are charging for products with similar benefits. As shown in the premium rate exhibits provided by United of Omaha, the new rates are similar to the rates for John Hancock's CIII LTC product, which we reviewed earlier this year.

Overall, we find the premium rates to be reasonable and in-line with what other insurers are charging.

Summary

In summary, we believe the proposed policy and premiums are reasonable and satisfy the Group Insurance Board's requirements.

Timothy D. Gustafson

Timothy D. Gustafson, FSA, MAAA
Principal