Manulife
Insurance

Getting the most out of long term care protection

LivingCare

Why a bird in the hand can be the better approach

In a perfect world your clients would have the funds to purchase the largest amount of life and living benefits insurance protection possible. But people have budgets and careful allocation of insurance dollars is the reality for most.

When it comes to long term care insurance, it's equally important to work with the dollars your clients have and to determine the right long term care insurance plan design.

Is it best to choose a design that provides a lower monthly benefit amount for an unlimited period of time or one that provides a higher monthly benefit for a limited period?

On the surface, "unlimited" sound great. But in a long term care situation, is it the best solution for your client?

We, Manulife, believe the product should align with reality. Data from the U.S. Society of Actuaries shows the current average length of claim to be under three years.[1] This is reinforced by a Munich Re study, which suggests that the average insured Canadian will require long term care services for a period of only 2 years for males and 2.7 years for females.[2]

As the saying goes, a bird in the hand is worth two in the bush. When you apply this to long term care protection, it means it's better for your client to get the most dollars out of their policy than to plan for a protracted period of long term care and leave dollars with the insurance company.

Example:

At age 60, Marnie purchases a long term care policy. Her premium is $308.49 per month. At age 80, she requires long term care and starts receiving benefits. Marnie dies after claiming for three years.

Examples based on a female, age 60, no riders, $308.49 monthly premium and a 90 day waiting period:

- **Sun Life:** Sun Long Term Care Insurance, $465 weekly comprehensive benefit + $465 weekly facility benefit, unlimited benefit period, Lifetime pay.
- **Manulife:** LivingCare, 2% benefit option, $184,000 amount of insurance, pay to age 100.

Unlimited design

Benefit Structure	Marnie's Claim[3]
Monthly home care benefit: $2,015[4]	Age 80 At home for two years
Monthly facility care benefit: $4,030[5]	In a long term care facility for one year
Maximum benefit amount: unlimited	Total benefits paid: $96,720

The LivingCare Solution

Benefit Structure	Marnie's Claim[3]
Monthly home care benefit: $3,680	Age 80 At home for two years
Monthly facility care benefit: $7,360	In a long term care facility for one year
Maximum benefit amount: $184,000	**Total benefits paid: $176,640**

The LivingCare solution delivers almost twice as much as the unlimited option. And if Marnie doesn't need the full benefit to cover her care costs, the money can go back into her savings or used any way she or her Power of Attorney directs.

And what if Marnie claimed for five years, more than double the average length of claim?

Unlimited design

Benefit Structure	Marnie's Claim[3]
Monthly home care benefit: $2,015[4]	**Age 80** At home for three years
Monthly facility care benefit: $4,030[5]	In a long term care facility for two years
Maximum benefit amount: unlimited	Total benefits paid: $169,260

90% of people 80 years and older will not claim past five years.[6]

The LivingCare Solution

Benefit Structure	Marnie's Claim[3]
Monthly home care benefit: $3,680	Age 80 At home for three years
Monthly facility care benefit: $7,360	In a long term care facility for two years
Maximum benefit amount: $184,000	**Total benefits paid: $184,000**

The LivingCare option still delivers almost 10% more benefit.

Leveraging the expertise of a leader in long term care protection

For more than 25 years, John Hancock, a subsidiary of Manulife, has been a leader in the U.S. long term care insurance market. They have an unwavering commitment to their more than 1.3 million[7] long term care insurance policyholders.

Based on internal data from 1987-2011, John Hancock has paid more than $4 billion in claims on long term care insurance policies.

We leveraged the long term care expertise of our partners at John Hancock to develop LivingCare. It's a product designed to address the needs of your clients:

- A Shared Coverage option for couples.
- Monthly cash benefit that isn't linked to receiving formal care and doesn't require the client to submit receipts.
- Benefits that help cover the costs of care at home and double for facility care.
- Inflation protection and return of premium on death options.
- Care Support Services that help your client and the family navigate their local long term care delivery system.

[1] Source: U.S. Society of Actuaries, Long Term Care Experience Committee, Intercompany Study 1984-2004.
[2] Source: Munich Re study of insured Canadian population and based on duration of claim with no elimination period.
[3] Claims data shown following completion of waiting period.
[4] $465 weekly x 52/12.
[5] $930 weekly x 52/12.
[6] Source: U.S. Society of Actuaries, Long Term Care Experience Committee, Intercompany Study 1984-2004.
[7] Based on data from 1987-2011.

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