Case Study #1

<u>The case that keeps on giving...</u>

Picture this - a growing pharmaceutical company in New England with over 150 full time employees in one location. The broker decides to bring ARM in to meet with HR and discuss the case. With input from ARM, the company decides to put in place a generous 100% Employer Funded Transamerica LTCi plan for all Executives and their Spouses. They also decide to fund a base plan for the rest of the Employees. After the 45 day open enrollment period, ARM's Enrollment Team has taken over 200 applications from every employee and many spouses, and in turn earned the broker over $50K in first year commission. But that's not all!

The growth of this company continues at a clip of about 30 new employees each month. Transamerica's Multi-Life Platform allows for the "New Hire Rule" when a group is successful in meeting its participation requirement. Each of these new hires will be enrolled six months from their date of hire under Simplified Issue Underwriting (9 Question Underwriting). A fresh batch of leads are delivered each month to ARM's Enrollment Team, delivering new, first year commissions to the broker.

Case Study #2

<u>Executive Carve-Out & Voluntary Open Enrollment</u>

Value of Utilizing Enrollment Firms to Perform Core and Voluntary Enrollments

Client:

- Software Technology Company
- Headquartered in Pennsylvania
- 22 locations across 13 states
- 550 benefit eligible employees
- 15-person Executive Carve-out

The Business Challenge:

- LOCATIONS, LOCATIONS, LOCATIONS!
- Time Frame
- 3 Week Open Enrollment Period
- Forced to enroll during November/December Holiday Season

Strategic Approach:

- Focus on getting spousal applications when meeting with executives being carved out
- Focus enrollment on locations with best demographics
- Branded communication tools to be distributed before and during the OEP, including direct mail to all employee homes

Results:

- 9 of 12 spouses of executives enrolled
- Voluntary participation: 19%
- Over $143,000 in annual premium
- $46,500 revenue to broker in the first year

Case Study #3

Voluntary Legacy Case

Value and proper risk spread of utilizing two staggered enrollments

Client:

- Midwestern State University
- 520 employees have existing coverage for long-term care through a carrier no longer in the industry
- Client's goal was to re-establish a voluntary platform for discounted long-term care insurance with limited underwriting

Challenge:

- Case had been initially enrolled previously and new hires had had access to guaranteed issue coverage up until 2010
- No direct access to HR
- No home mailings allowed
- Premiums for existing coverage had recently been increased resulting in premiums still somewhat competitive compared to what was otherwise available

Tactical & Operational Approach:

- Creation of two staggered enrollments:
    1. First enrolling only those with existing coverage
    2. 3 months later, enroll the rest of the group
- The plan was to create enough sales to existing insureds and let the quality of the program and process permeate to the rest of the population
- Heavy utilization of on-site seminars and ARM's resource partner's call center
- The danger was that if this plan was unsuccessful, we would not meet participation with either group and the client's goal would not be met!

Results:

- Total of 190 applications taken
- Total $252,527.00 premium.
- First-year revenue to be paid to broker in excess of $65,000
- The client has an established on-going LTCi program

Case Study #4

Voluntary Offering to Newly Merged Company

Client:
- Northeast domiciled law firm
- 900 total employees
- The client was an existing client [law firm of 400 employees] who had merged to create the new entity
- Existing carrier had stopped writing new business
- Client wanted a uniform offering to employees of both original entities

Challenge:
- The two original entities represented vastly different risk profiles from the carriers' perspective:
- Original firm A had 400 employees most of whom had been offered LTCi on a simplified issue basis
- Original Firm B had 500 employees none of whom had been offered LTCi through their employer
- Enrollment had to be postponed by 6 weeks due to lay-offs of 100 employees - redundancies created by the merger
- 4 primary and 2 secondary locations requiring feet-on-the-ground and a short enrollment period

Strategic Approach:
- To accommodate the short enrollment period, we needed to facilitate the smoothest enrollment process, including a minimum of underwriting.
- To accommodate the concerns of the carrier, we agreed to a higher participation requirement for the underwriting concession
- To accommodate the client, we explained this course of action prior to enrollment, and we received buy-in from HR and management
- ARM provided all enrollment services.

Results:
- 23% participation
- $197,653 of new premium - during initial open enrollment
- $50,000 in commission to the broker

Case Study #5

Voluntary Offer to HMO

Client:
- HMO
- 1,100 total employees
- Client wanted a voluntary offering to all employees.

Challenges:
- The client had offered LTCi at arm's length for 5+ years by referring interested employees to an individual insurance broker
- Client insisted on the individual insurance broker being part of the enrollment process

Strategic Approach:
- Developed an immersion course in not just LTCi, but in how to enroll.
- Created a revenue sharing model for the enrollers - this accommodated the wishes of the client as well eliminated any concerns on the part of the individual insurance producer

Results:
- 28% participation
- $182,246 new premium - during initial open enrollment
- $45,000 in commission to the individual insurance broker
- Indirect results:
  - Immersion course now being used by many traditional enrollment companies to teach their enrollers about LTCi
  - The individual insurance producer is not part of ARM's enrollment team

Case Study #6

The Case for the Replacement

Replacements are rare, but they can save a benefit and serve a purpose!

Client:

- Mid-Atlantic Financial Institution
- Existing employer funded above-average base-plan for 23 executives
- Spousal participation: 6 of 20 [30%]
- Group chassis

Challenge:

- The existing carrier had left the business and announced a 75% in-force rate increase
- Replacements are generally not recommended as premiums for new coverage are even higher
- This is especially the case for older cases, but fortunately this case was installed in early 2011
- The employer had a strong belief in long-term care insurance and wanted to keep providing this coverage in general and for new executives in particular

Tactical & Operational Design Approach:

- Two stars in particular were aligned.
    1. The case was relatively new, as mentioned
    2. The base plan did not include an automatic benefit increase option. Plans without automatic benefit increase options have increased relatively little over the years making replacement feasible
- New coverage was issued [Simplified Issue] to all executives on an individual policy chassis basis. This allowed us to allocate a spousal discount for 20 executives, and a multi-life discount to all applicants.

Results:

- Employer funded premium for similar benefits increased by 11% [a positive result since the all applicants had a 2+ years older issue age.]
- 3 of 6 existing spouses replaced their coverage [the other 3 kept theirs]
- An additional 6 spouses purchased coverage bringing spousal participation to 60%!
- 11 of the 23 executives and 8 spouses added to the employer funded benefit
- The employer has an LTCi program going forward where new executives can be issued coverage on a Simplified Issue basis
- First-year revenue to the broker: $27,800

Case Study #7

<u>Paternalistic Engineering Firm</u>

Client:

- Engineering Firm, SC
- 100 employees
- Owner wanted to provide all employees with core LTCi coverage

Challenges:

- Company had grown from 30 employees to 100 employees in 5 years
- Owner looking for attraction AND retention tool
- The owner grasped the concept of LTCi very quickly and wanted to make sure the core benefit represented "meaningful" coverage
- Budget restraints prevented higher level coverage for all employees

Strategic Approach:

- Created an employer funded significant core benefit for those employees with tenure of 5 years or more
- Created a separate credit program for those participating voluntarily
- This will create savings on the part of the employer as the average age of the participant is lower than without the bonus program

Results:

- 46% voluntary participation
- $38,000 in employer funding and $59,000 in voluntary premium
- $32,000 FY commissions to broker