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Partnership Programs – A Brief History and Quick Glance Forward

The Long Term Care Partnership program is a collaboration between private insurers and state Medicaid agencies to assist individuals in planning for their long term care needs. Such programs have been in effect since the early 1990s in New York, Indiana, Connecticut and California. In 1993, the federal government limited the expansion of such Partnerships beyond the original four states (OBRA '93). However, the Deficit Reduction Act of 2005 reversed that decision, expanding Partnership programs to any state choosing to participate.

Looking forward, states are working diligently to adopt the new Partnership expansion model. Around one-third of the states have already filed to participate in the program and several have already been approved and/or are operational (see attached matrix for details by state). It is promising to see that states recognize the value of Partnership and are working closely with the insurance industry to develop and launch their programs. Genworth continues to play a leading role in this endeavor and is committed to assisting states in their planning, development and launch of Partnership programs.

Value of Partnership Policies

As more states adopt the Partnership expansion model, many producers and consumers will be asking about this great new program and its value. Listed below are some of the key benefits of the Partnership program:

- Partnership programs increase awareness and help educate consumers about long term care and LTC financing
- Endorsement of the Partnership program by state and federal government strengthens the value proposition to consumers and helps publicize the program through various government agencies (Department of Aging, Medicaid agency, Department of Insurance)
- In conjunction with Partnership, the “National Clearinghouse For Long Term Care Information” was created to help promote long term care awareness and plan for future long term care needs
 - Includes a robust website with useful tips and educational material to help consumers plan for long term care (www.longtermcare.gov)
 - \$15 million in funds dedicated to supporting state awareness campaigns (Own Your Future) and Partnership programs
- Expands the consumer market and creates future growth opportunities
 - Sales growth in existing Partnership states (CA, NY, IN & CT) has outpaced the rest of the country in the past five years
 - Genworth producer productivity is higher in the original Partnership states
- The Partnership program could turn non-buyers into buyers
 - Partnership policies provide a meaningful LTC financing solution for those who would have otherwise transferred assets
 - Partnership programs add significant consumer value
 - Dollar for dollar, Medicaid asset protection helps clients protect and pass on assets to their loved ones
 - High-quality, reliable products

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State Partnership Update

The latest state filing activity on Partnership is listed below:

- **Oregon** has filed their state plan amendment. Approval pending
- **Ohio** has filed their state plan amendment. Approval pending
- **Four states with previously approved state plan amendments, Kansas, Nebraska, South Dakota and North Dakota**, recently indicated they are ready to accept carrier filings and certifications for Partnership. Genworth is actively working with these states and finalizing our launch plans. Details regarding the timing of our official launch in these states will follow.

Refer to the attached matrix for a full list of state filings and approvals.

State NAIC Training Update

- **Oregon** has announced that effective 1/31/08 all producers are required to complete a one-time, 8-hour long term care training course (with a 4-hour LTC training requirement every 24 months thereafter).

Refer to the attached matrix for a full list of training requirements by state.

Partnership FAQs

Several of you have asked some insightful questions about shared and unlimited plans under the new Partnership expansion model.

Shared Plans

How do Partnership benefits work in a shared plan policy structure?

Under a shared plan, the asset protection works as follows: Each individual under a shared policy will receive asset protection equal to the amount of benefits they individually receive under their qualified policy. Each individual is protected based on what he/she uses on a dollar for dollar basis. Also, it is important to note that to purchase a Partnership-eligible shared policy, the age of the youngest insured determines the minimum inflation required for Partnership coverage.

Unlimited Plans

What is the value of purchasing an unlimited policy under the Partnership program?

For some consumers, an unlimited policy may be the right choice. When developing a plan design, the first priority is to assess the consumer's needs and choose the most appropriate policy. In some cases, that may result in choosing an unlimited plan. And if the appropriate inflation protection is chosen, then the policy will be issued as a Partnership policy. In states that offer the Partnership program, unlimited policies can still provide value with respect to asset protection. For example, if the daily benefit for an unlimited plan is below the cost of care, some states may allow the Partnership component of the policy to be activated and provide Medicaid asset protection for the difference. (This assumes the insured otherwise qualifies for Medicaid and the state does not require benefit exhaustion.)



PARTNERSHIP PERSPECTIVES

Questions?

If you have any questions about the Partnership program or any aspect of it, please send an email to PartnershipQs@genworth.com.

Keep on selling...

Don't forget, selling long term care insurance is one of the most important things you do.

Right now, states that do not offer a Partnership plan are determining if and when to adopt the plan. Please don't lose the opportunity to help protect your clients and prospects in the interim! A change to a prospect's health **today** could mean the difference between qualifying for coverage or not. Please continue to offer the long term care insurance plans currently available in your state.

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