



Better benefits at work.

LONG TERM CARE INSURANCE

A photograph of a smiling woman with short, wavy blonde hair, sitting on a white wicker chair. She is wearing a dark-colored top with a white trim around the neckline and is reading a magazine. The background is softly blurred, showing what appears to be an indoor setting with a window.

Questions
and answers
about long
term care
insurance



Long term care.¹ Ten years ago, it wasn't an issue many Americans discussed. Now, it is an issue everyone should not only discuss, but plan for. Why? With the costs of long term care rising, and with the aging population of American Baby Boomers, the issue is fast becoming one of great importance. Those who assume they will never need care or expect that the government will subsidize long term care needs may find themselves unprepared for the financial ramifications: long term care costs can quickly deplete even the strongest financial portfolio. That's why long term care insurance is so important in helping to secure your financial future and independence. This brochure discusses long term care and provides details about the types of long term care insurance available from Unum.

Questions & answers

Why do I need long term care insurance? ²

Long Term Care (LTC) insurance is one of the best ways to offset long term care expenses and help preserve your assets and your financial future. That's because without LTC insurance, prolonged expenses can add up — quickly. Just take a glance at these startling statistics:

- The national average cost of a private room in a nursing home is about \$70,000 a year.³
- The average hourly rate for a home health aide is \$25. Based on this rate, four hours of home health aide services daily would total about \$36,500 a year.⁴

These are the average costs nationally and may be higher in some states.

- The number of people receiving long term care is expected to double by 2030.⁵

According to these statistics, a \$250,000 nest egg would last less than four years if you were confined to a nursing home.

Doesn't Medicare or Medicaid pay for long term care services?

Many people believe that the government will pay for the cost of their long term care. But this isn't always true.

Medicare currently pays just 12 percent of all nursing home costs,⁶ and covers primarily skilled and acute nursing home care. Nationally, Medicaid covers less than half of all nursing home costs in the United States.⁷

2 Also called Comprehensive Long Term Care in California

3,4 Georgetown University, Long-Term Care Financing Project, "National Spending for Long-term Care Fact Sheet," January 2007. The base rate usually covers the room, meals, housekeeping, laundry, and personal assistance with activities of daily living; a person may pay more for additional services such as therapies or medications.

5 "Long-Term Care Financing: Are Americans Prepared?" Testimony by Senator Gordon H. Smith, 2006 committee chairman, before the U.S. Senate Special Committee on Aging, March 9, 2006.

6 AHIP, A Guide to Long Term Care Insurance, 2004.

7 AHIP, A Guide to Long Term Care Insurance, 2004.

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However, to qualify for Medicaid assistance, you must first deplete your assets to poverty level.

What kind of long term care insurance protection does Unum offer?

The long term care insurance sold by Unum Group's insuring companies helps protect against the catastrophic costs of long term care by paying benefits when an individual is unable to function independently because of a covered disability or chronic illness. The plans also provide benefits in the event of severe cognitive impairment from an illness such as Alzheimer's disease.

Our long term care insurance plans are flexible, and offer you a variety of care options. You can customize a policy to meet your unique needs — allowing you the option of choosing where you would like to receive care, whether that be at home or in a nursing or residential care, assisted living or adult day care facility.

Who can purchase coverage?

With our long term care insurance, any individual between the ages of 18 and 80 may apply for coverage. You may purchase coverage for yourself and/or your family members. Depending on the plan you choose, you may be asked to complete a medical application. In some cases, an interview or paramedical examination may be required.

When would I be eligible for long term care insurance benefits?

You would be eligible for long term care benefits when you become chronically ill or disabled. Being chronically ill or disabled means you are unable to perform at least two Activities of Daily Living (ADLs). An ADL is an activity such as eating, dressing, bathing, toileting, transferring, or continence. You may also qualify for benefits if you suffer a severe cognitive impairment, requiring substantial supervision to protect you from threats to your health and safety. The ADL loss

must be expected to last at least 90 days, as certified by a Licensed Health Care Practitioner. A written plan of care from a Licensed Health Care Practitioner must be provided, with re-certification every 12 months.

What are some of the available coverage options?

For an additional premium, you may purchase options that 1) help protect against any lapses in coverage, and 2) increase your benefit payments to help minimize the effect of inflation.

Can I receive benefits for long term care services provided by a family member or friend in my home?

Family and friends are often the primary support for those needing long term care. Most people receive long term care at home, and family and friends are the sole caregivers for 70% of the elderly.⁸ That's why we offer you the choice of purchasing an additional option which provides a benefit regardless of who provides home care—a relative, immediate family member, friend or licensed professional.

What are the advantages of a Unum LTC insurance policy?

We provide more than just monetary support for our customers and their families. Through our LTC Connect[®] program, you have access to an information and referral service that provides answers to questions about long term care services and issues. LTC Connect[®] also introduces you to a network of providers, which have negotiated reduced rates for skilled nursing and alternate care



8 U.S. Department of Health and Services, Medicare, The Official U.S. Government Site for People with Medicare "What is long term care?" Last updated March 31, 2005.

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facilities, residential care facilities, home health services, Adult Day Care, durable medical equipment, hospice care and respite care. LTC Connect® is available to you at no additional cost.

LTC Connect® is not a part of the contract and is a company practice which may be subject to change.

What are the key components of a tax qualified plan?

A tax qualified plan must provide coverage for treatment and services for a chronically ill or disabled individual, and all treatment and services must be provided in accordance with a plan of care developed by a Licensed Health Care Practitioner.

Disabled (chronically ill) is defined as:

- The inability to perform at least two Activities of Daily Living (ADLs) without substantial assistance. These ADLs are eating, bathing, toileting, transferring, dressing or continence. The loss of an ADL must be expected to last for a period of 90 days or more, as certified by a Licensed Healthcare Practitioner; or
- Someone who suffers from severe cognitive impairment that requires substantial supervision.

A tax qualified plan may provide favorable tax treatment. Please consult your tax advisor for details.

Does Unum have the right to raise my LTC insurance premium or cancel my policy?

- We will not cancel your coverage as long as your premiums are paid on time.
- Premiums will not increase as you age or if a claim is filed.
- If premium rates are increased, it is done only on a class basis, meaning that a change in rate would apply to everyone in that class. Your rates can never be raised just for your policy alone.⁹

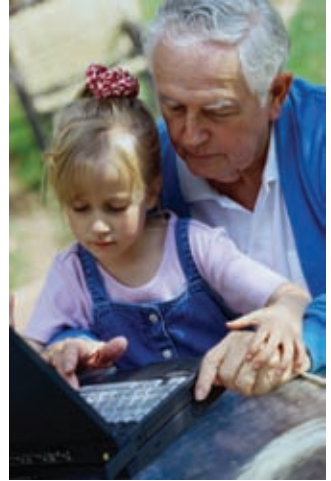
⁹ In New Mexico the initial premium shall not be increased during the initial 3 years in which the policy is in force.

How much does long term care insurance cost?

The cost for our LTC insurance varies depending on a variety of factors including: the benefit amount, when benefits begin, length of benefit, and if any optional coverage was selected.

Why choose Unum for your long term care insurance?

We are one of the nation's leading disability insurers. Who in addition, have developed long term care solutions that can help preserve your assets. And with more than a century of insurance experience, we back our products with a commitment to provide optimal service. We realize that each situation is as individual as each person or family. That's why our long term care insurance offers you the options and flexibility to build a policy that meets your unique needs. That's also the reason Unum Life Insurance Company of America and Provident Life and Accident Insurance Company are both consistently rated as one of the nation's top LTC insurance providers.¹⁰



10 LIMRA's Long Term Care Insurance Sales and In-Force annual report, 2006

The Unum brand represents resources of several insuring companies. Marketing under the Unum brand, these companies provide a wide range of LTC solutions designed to help preserve the assets of individuals from the financial effects of illness and injury.

This is not intended to be a complete description of the Long Term Care insurance policy and some coverage options may not be available in all states. The insurance policy has exclusions and limitations that may affect any benefits payable. For costs and complete details of coverage, refer to Policy Forms LTC03, LTC03F, LTCP03, LTCP03F, LTCT03, LTCT03F, RLTC03, RLTC03F, RLTCP03 or RLTCP03F (underwritten by Provident Life and Accident Insurance Company), LTC99, LTC99Q, LTC99Q2, LTC99Q3, TQGLTC95, TQGLTC95ER, TQB.LTC, GLTC04 or RGLTC04 (underwritten by Unum Life Insurance Company of America) or contact your insurance agent or Unum representative. In Idaho, Oklahoma and Virginia refer to LTC03, LTCP03, LTCT03, LTCT03 or RLTCP03 (underwritten by Provident Life and Accident Insurance Company) TQGLTC95, GLTC04 or RGLTC04 (underwritten by Unum Life Insurance Company of America). In Florida refer to LTC03, LTCP03, LTCT03, RLTC03, RLTCP03, (underwritten by Provident Life and Accident Insurance Company) TQB.LTC, GLTC04 or RGLTC04 (underwritten by Unum Life Insurance Company of America). In Texas refer to LTC03, LTCP03, LTCT03, LTC03A5, LTCP03A5, LTCT03A5, LTC03A10, LTCP03A10, LTCT03A10, RLTC03, RLTC03A5, RLTC03A10, RLTCP03, RLTCP03A5 or RLTCP03A10 (underwritten by Provident Life and Accident Insurance Company) TQGLTC952, GLTC04 or RGLTC04 (underwritten by Unum Life Insurance Company of America).

Provident Life and Accident Insurance Company has sole financial responsibility for all claims arising from the policy forms listed above and identified by the underwriting company. Unum Life Insurance Company of America has sole financial responsibility for all claims arising from the policy forms listed above and identified by the underwriting company. Unum Group and its other insuring subsidiaries bear no financial liability.



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