



An Excellus Company

MedAmerica Insurance Company  
Home Office: Pittsburgh, PA

MedAmerica Insurance Company of New York  
Home Office: Rochester, NY

### Executive Memorandum

TO: All Brokerage Distribution Partners  
FROM: Chris Perna, President  
RE: New Benefit and Underwriting Rules for CareDirections Simplicity®  
DATE: November 18, 2004

Every company wants its product to sell in the market, but for MedAmerica there's more to it than that. Ethical values and commitment to sound long term care financing and company stability are the basis for everything we do, even if it means selling less. It's important to us that our clients buy what they need and need what they buy. To that end, we are constantly assessing what we're selling and how we're selling it. One result of that assessment process is the "right-sizing" campaign. We have trained and encouraged agents to focus on the client not a formula when presenting benefits such as inflation protection. Today the right-sizing issue goes beyond the agent and encompasses the scope and purpose of our cash model LTC plan, CareDirections Simplicity®.

We believe it is a company's responsibility to ensure its premiums represent a true picture of the risk. Premiums shouldn't be subject to over or under estimation. To keep the risk relevant to the price of the product, it is necessary to address unusual purchase patterns. In recent months we have seen an increasing number of submitted applications with excessive coverage or age inappropriate purchases. We initially addressed these as communication or training issues. However, despite MedAmerica's informational efforts, problem policies continue to be sold and purchased. Some have benefit amounts vastly exceeding both the reasonable projected cost of future care and the current limits of Federal tax qualification. Other applications invite suspicion due to the purchase of benefits out of sync with the client's age and/or financial circumstances.

CareDirections Simplicity® is intended to be tax-qualified long term care coverage and therefore must be sold in accordance with the regulations and laws governing such policies. To correct any confusion regarding appropriate benefits, MedAmerica has decided to implement new benefit and underwriting rules as described in detail in the attached bulletin. The new rules, effective December 1, 2004, will apply to all applications dated or policies changed after November 30, 2004 and all applications received after December 10, 2004.

Please distribute and review this bulletin with your producers. As always, our account managers and agent services staff are available to you should you need further clarification or assistance.

In closing, I would like to take this opportunity to thank you for entrusting MedAmerica with your business. You have my personal guarantee that we will do our best to serve you and your clients, today, every day and for years to come.



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**ADMINISTRATIVE BULLETIN  
URGENT**

**Re: New Benefit and Underwriting Rules**  
**Effective Date: December 1, 2004**  
**Issue Date: November 18, 2004**

The following new benefit and underwriting rules are being implemented:

"New" Maximum Monthly Benefit	\$12,000. <i>Limit based on total of benefits from all LTCi policies owned regardless of insurer</i>
"New" Duration Limits	Unlimited Lifetime Maximum is not available with selection of Monthly Benefits over \$9,000
"New" Benefit Limit	Unlimited Lifetime Maximum is not available to applicants under age 50
"New" Underwriting	APS & Face to Face Interviews will be required for all applicants requesting: <ul style="list-style-type: none"> <li>• Maximum Monthly Benefit \$7,200 or higher</li> <li>• Unlimited Lifetime Maximum</li> </ul>

**All riders, discounts and payment plans remain the same and are available.**

CareDirections Simplicity® is intended to be tax-qualified Long Term Care Coverage and therefore sold in accordance with the regulations and laws governing such policies. The new rules, effective December 1, 2004, will apply to all applications dated or policies changed after November 30, 2004 and all applications received after December 10, 2004.

**What You Need To Update Your Product Information**

Marketing Materials, Ads, and Applications: No change  
The Product Highlight Tool, Training Powerpoints, and Underwriting Guide: In process  
Premium Proposal Software: Done

For more information: Agent Services: 1-800-724-1582  
[www.MedAmericaLTC.com](http://www.MedAmericaLTC.com)

*Count on us for the long term.*

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