



March 3, 2011

Initial States Approved for LTC3 Rate Refresh Effective April 5, 2011

Last week Prudential Long-Term Care announced that we are in the process of filing “refreshed” LTC3 SM premium rates with the state Departments of Insurance and that once we receive approvals, we would provide 30 days’ notice before implementing the new rates. We are now providing notice that refreshed LTC3 rates will go into effect, and three brand new LTC3 product features will be available in the following states on **Tuesday, April 5, 2011**:

Alaska, Arkansas, District of Columbia, Delaware, Idaho, Iowa, Michigan, Mississippi, Montana, North Dakota, Pennsylvania, South Dakota, Tennessee, and Wyoming.

Applications received for these states on or before **Monday, April 4, 2011** will be eligible to receive the existing LTC3 rates. Applications received Tuesday, April 5, 2011 or later for these states will be issued with the new rates.

In accordance with our standard Employer Sponsored Program (ESP) guidelines, for cases that are approved prior to Tuesday, April 5, 2011, you will have no more than 60 days from the open enrollment start date to complete the open enrollment using the current LTC3 rates. For applications received outside of the open enrollment period, the refreshed LTC3 rates will be in effect.

New LTC3 Product Features

In conjunction with the refreshed LTC3 rates effective Tuesday, April 5, 2011, we’re pleased to introduce the following new LTC3 product features:

- 2% Compound No Max Inflation Option
- 4% Compound No Max Inflation Option
- 1-Year Benefit Period

Illustration Software

Two weeks prior to April 4, 2011, you will receive a communication with a new version of our illustration software which will contain the new rates and the new features for the states listed above.

Refreshed Premium Rate Averages

The refreshed LTC3 premium rates, which vary by issue age, on average will be as follows:

- 5% Compound No Max: Range 14% - 63%: Avg. 40%
- 5% Compound 2x: Range 14% - 34%: Avg. 22%
- 3% Compound: Range 2% - 23%: Avg. 11%
- 5% Simple: Range 5% - 27%: Avg. 16%
- GPO and No Inflation: No Change

Discontinuance of Certain Optional Rider and Features of LTC3 Effective April 5, 2011

For ALL LTC3 applications received in the home office after Monday, April 4, 2011, from ANY state, regardless of the date the application was signed, the following restrictions will apply:

- *Full Cash Benefit Rider and Flexible Cash (50/50) Benefit Rider to Be Discontinued*
Although sales of these two riders occur on a very small percentage of our LTC3 business, a review of our LTC experience shows a disproportionate percentage of claims on policies with these optional riders. Therefore, we will no longer offer or issue LTC3 policies with either the Cash Benefit Rider or the Flexible Cash Benefit for applications received in the home office after Monday, April 4, 2011. However, the Cash Alternative Benefit will continue to be included as a base policy feature. Producers should note that this does not affect existing LTC3 policyholders whose policies include these riders.
- *Unlimited/Lifetime Benefit Option to Be Discontinued*
The Unlimited/Lifetime Benefit Option will no longer be available with LTC3 for applications received in the home office after Monday, April 4, 2011. Producers should note that this does not affect existing LTC3 policyholders whose policies include an Unlimited/Lifetime Benefit Option.
- *Changes to 150% HHC Option*
The 150% HHC option will no longer be compatible with the 10-year Benefit Period and will not be available with simplified underwriting for Employer-Sponsored Program (ESP) multi-life cases.

LTC3 applications received after April 4, 2011, that contain any of the above discontinued options or features, will NOT be issued as submitted. In such instances, the producer would be notified via the status report and asked whether any other policy changes should be made prior to processing.

Informational Webinar

We invite you to learn more about the LTC3 product and pricing changes by attending the following webinar:

Topic: **Managing in a Dynamic LTCi Market**
Date: Thursday, March 10, 2011
Time: 12 p.m. ET, 11 a.m. CT, 10 a.m. MT, 9 a.m. PT
Dial-In Number: 1-800-230-1085
Call Name: Prudential Long-Term Care

- URL: <https://emeeting.prudential.com>
- Click on: *Attend a Meeting* located at the upper right. A user name and password is NOT required to attend.
- Select *Attend* button to the right of the Meeting Name located in the 11:45 a.m. time slot: LTC Monthly Teleconference - Managing in a Dynamic LTCi Market
- Enter first and last name when prompted
- Enter password: prultc1 (lower case)

Previous Announcement

In case you may have missed it, please refer to the announcement we sent recently about the LTC3 premium rate refresh and the LTC3 optional riders and features that are being discontinued on Tuesday, April 5, 2011.

Click [here](#) to see the previous announcement.

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