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# Long Term Care Insurance

Advisor guide

RBC Insurance®





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## WHAT IS LONG TERM CARE INSURANCE?

Long Term Care Insurance offered by RBC Insurance® provides the Insured with the financial resources to help take control of their future health and personal care services. It provides a flexible range of benefits and features to choose from so that an Insured can customize a plan for their specific needs.

Long Term Care Insurance pays a daily benefit if the Insured:

- Loses the ability to care for him/herself due to cognitive impairment or a condition that results in the inability to perform two (2) or more activities of daily living identified in the policy, and
- Requires the services of a Long Term Care Facility or professional assistance at home.

## FACTS ABOUT LONG TERM CARE INSURANCE

Most of us can expect to celebrate our 80th birthday<sup>1</sup>. But studies show that nearly half of today's population over age 65 will need some form of long term care. That means, after age 65, your clients have a 50% chance of someday requiring long term care.

Government Health Insurance Plans will be severely impacted:

- Within 20 years, the seniors' population is estimated to be eight million. That's 20% of the Canadian population — a statistic that will have an enormous impact on our government health-care programs. Can Government Health Insurance Plans deal with this growing elderly population?
- Currently, almost half of Canadian workers have elder care responsibilities that impact time and/or financial resources.

And studies indicate a growing need for long term care insurance<sup>2</sup>:

- 42% of Canadians are concerned about having to care for their parents when they get older.
- Nearly half (47%) of Canadians are concerned about becoming a burden when they get older.

<sup>1</sup> LIMRA MarketFacts, Summer 2001

<sup>2</sup> RBC Insurance/Ipsos-Reid survey, 2002

## HOW DOES LONG TERM CARE AFFECT FINANCES?

Depending on their province, Canadians can spend up to \$4,770 a month out of their own pocket for facility care that's subsidized by government programs<sup>3</sup>.

The cost for private, non-subsidized retirement homes ranges from \$2,500 to \$7,000 per month<sup>4</sup>.

Even if patients choose to remain at home when getting the care they need, they'll still need to pay for private nursing, and for services such as shopping, cooking and cleaning. Below are some provincial average costs in Ontario for these services<sup>5</sup>:

**Registered Nurse or auxiliary nurse:      \$21.13 – \$69 per hour**

**Occupational Therapy:                              \$98.31 per hour**

**Personal Support Worker:                      \$20.77 per hour**

- Companionship/Supervision
- Prepares meals
- Shops and runs errands
- Housekeeping
- Provides transportation services

**Note:** All amounts are represented in Canadian dollars

<sup>3</sup> Province of Alberta health care website

<sup>4</sup> Canadian Senior Year – Ken McNaughton, CFP, CLU, CH.F.C.

<sup>5</sup> Taking Care Inc. September 2007 report for Ontario

## LONG TERM CARE INSURANCE FEATURES

### FACILITY CARE

Long Term Care Insurance offered by RBC Insurance provides a Facility Care Benefit that is payable when health or personal care services are required on a long-term basis in a long term care facility at the order of a physician. This could be as a result of the inability to perform two or more activities of daily living identified in the policy or on the basis of cognitive impairment. The benefit will be paid directly to the Insured and in addition to any government benefits that the Insured may be receiving.

See the specimen contract for further details.

The Facility Care Benefit:

- Is available in daily units from \$10 to \$300
- Is payable after the elimination period has been satisfied
- Can be purchased by persons between the ages of 30 and 80
- Can be purchased on its own without the addition of Home Care, Return of Premium or other optional benefits.

### Family Discount

If two or more people living under the same roof both purchase coverage at the same time, they will receive a 10% reduction on the premium payable (including the policy fee) for the Long Term Care Insurance.

### Facility Care Benefits Outside Of Canada

If long term care services are being rendered in a facility outside of Canada, the Insured may be eligible to receive the daily benefit after satisfying the elimination period, provided the Insured's complete medical records are supplied to RBC Insurance. See the specimen contract for further details.

### Waiver Of Premium

While the Insured is receiving either Facility or Home Care Benefits under the terms of the contract, premiums for the full coverage will be waived. See the specimen contract for further details.

### **Reduced Paid-Up Benefit For Facility Care**

Should premiums continue to be fully paid beyond the end of the fifth (5th) policy year (for a contract with a zero-day elimination period) or the tenth (10th) policy year (for a contract with a ninety-day elimination period) and then cease, the policy will not terminate, but instead become a fully paid-up policy, providing a reduced Daily Benefit Amount for Facility Care Benefits. Please see the specimen contract for the table of Reduced Paid-Up Benefits. There are two tables: one for the zero-day elimination period and one for the ninety-day elimination period.

## **OPTIONAL BENEFITS**

### **Home Care Benefit**

The Home Care Benefit is an optional benefit that reimburses the Insured's cost of medically necessary home care services that are recommended by a physician and provided by a licensed nurse, authorized employee of a Health Care Agency or private care giver. This could be as a result of an inability to perform two or more activities of daily living identified in the policy or cognitive impairment.

Benefits are paid directly to the Insured. See the specimen contract for further details.

The Home Care Benefit:

- Is available in daily units from \$10 to \$300
- Is payable after the elimination period has been satisfied
- Is issued to persons between the ages of 30 and 75
- May be equal to or less than the Facility Care Daily Benefit, but cannot exceed it.

**Note:** Home Care Benefit may not be purchased as a stand-alone plan; it can only be added to a plan that already provides Facility Care Coverage, and will be paid in addition to any government benefits that the Insured may be receiving. Receipts for home care services must be submitted to be eligible for reimbursement.

### **Return of Premium Benefit (ROP)**

Return of Premium (ROP) is an optional benefit that will reimburse all annual premiums paid for facility care (including the Policy Fee and the Return of Premium Benefit, with the exception of the Home Care Benefit, and any other benefits added to the policy) upon the death of the Insured. The Return of Premium Benefit will be paid to the beneficiary.



The Return of Premium Benefit will only be paid if:

- The policy has been in force for more than five years,
- Facility Care Benefits have not been paid, and
- The policy is still in force at the time of death.

**Note:** The Insured can receive Home Care Benefits and still be eligible for the Return of Premium Benefit. See the specimen contract for further details.

### **Cost Of Living Adjustment Benefit (COLA)**

The Cost Of Living Adjustment (COLA) Benefit is an optional benefit that keeps inflation from eroding the Long Term Care Benefit the Insured receives for either facility or home care. After the Insured has been receiving Long Term Care Benefits for 12 consecutive months, the daily benefit will be increased by the cost of living adjustment at the beginning of each successive 12-month period that benefits are paid. The cost of living adjustment will be based on the increase in the Consumer Price Index to a maximum of 4% per year. Each year's increase is based on the original daily benefit. The combined COLA increases cannot exceed 100% of the original daily benefit. If the Insured is no longer receiving benefits under the policy, the Policyowner has the option to increase the daily benefit amount to the last daily benefit amount including the cost of living adjustment. The premium for the increased coverage will be at the Insured's attained age rates at the time this purchase is exercised. Any subsequent Facility or Home Care Benefits paid will reflect this new amount. See the specimen contract for further details.

### **Future Purchase Option Benefit (FPO)**

The Future Purchase Option (FPO) Benefit is an optional benefit that provides the Policyowner the right to buy additional home care or facility and home care coverage, up to the option amount chosen at the option dates (the fifth [5th] and tenth [10th] policy anniversaries) without medical evidence. When the option is exercised, the additional coverage will be added to the policy at the Insured's attained age rates and premium payment period for the attained age. See the specimen contract for further details.

**Note:** The FPO benefit may be added to a Universal Life Insurance Plan from RBC Insurance, without purchasing Long Term Care Insurance. Long Term Care Insurance may then be added at an option date.

## LONG TERM CARE INSURANCE DETAILS

### GUARANTEED RENEWABLE PREMIUMS

The policy is guaranteed to be renewable annually throughout the premium payment period as specified in the contract, as long as the required premium is paid. The renewal premium is guaranteed not to increase during the first five (5) policy years. However, after that time, the company reserves the right to change the renewal premium under certain circumstances to a lifetime maximum increase of 50% of the original premium excluding policy fee. The policy fee is guaranteed at \$60 per contract. Premiums cannot be changed once they have been paid throughout the entire premium payment period. For example, if the premium (net of the policy fee) being paid is \$1,000, that premium is guaranteed not to increase for the first five policy years. The premium (net of policy fee) can never be increased to more than \$1,500 over the lifetime of the policy. Refer to the specimen contract for further details.

### LIMITED PREMIUM PAYMENT PERIODS

A consumer-friendly feature of the Long Term Care Insurance is the limited time in which premiums have to be paid. The payment period is the longer of 20 years or to the insured's attained age 65.

The limited premium payment period does not apply to the Future Purchase Option Benefit. For this benefit, premiums are payable until the full option amount is exercised; at the 5th or 10th policy anniversaries.

### ELIMINATION PERIODS

The elimination period is the number of calendar days which must expire while receiving care (either in a facility or at home as applicable) before the benefits are payable. There are two choices each for Facility Care and Home Care.

Facility Care:    0-Day (payments start on day one)  
                      90-Day (payments start after 90 days)

Home Care:        60-Day (payments start after 60 days)  
                      90-Day (payments start after 90 days)\*

\* **Note:** 90-Day Home Care is only available with 90-Day Facility Care

## ISSUE AGES

Issue age will be based on age nearest birthday.

Facility Care:	Ages 30 to 80
Home Care:	Ages 30 to 75 (Not available for ages 76 to 80)
Return of Premium Benefit:	Ages 30 to 80
Cost of Living Adjustment Benefit:	Ages 30 to 80
Future Purchase Option Benefit:	Ages 30 to 60

## BENEFIT PERIODS

<b>Facility Care:</b>	One Year	<b>Home Care:</b>	365 days
	Two Years		730 days
	Five Years		1825 days
	Lifetime		Lifetime

If the Policyowner selects Facility and Home Care Benefits, the Home Care Benefit Period cannot be longer than the Facility Care Benefit Period. For example, if the one-year benefit period is selected for Facility Care, then the Home Care period must be 365 days.

## DAILY BENEFITS

The Daily Benefit is the maximum amount payable per day when the Insured qualifies to receive the benefits of the Long Term Care contract. Separate daily benefits may be selected for Facility Care and Home Care; however, the Home Care Daily Benefit cannot exceed the Facility Care Daily Benefit.

Available in units of \$10 per day (\$10, \$20, \$30 etc.) up to a maximum of \$300.

## LONG TERM CARE FACILITIES

Please see Section 1.0 of the specimen contract for the definition of a Long Term Care Facility.

## UNDERWRITING REQUIREMENTS

Issue Ages	Requirement
30 to 50	Completed application
51 to 65	Completed application and a lifestyle questionnaire will be conducted by telephone
66 to 70	Completed application and an Attending Physician's statement (APS); a lifestyle questionnaire will be conducted by telephone
71 to 80	Completed application, an Attending Physician's statement (APS) and a face to face interview will be conducted

RBC Insurance reserves the right to order additional requirements on any application when deemed necessary.

For more underwriting information please refer to Long Term Care Insurance Underwriting Guidelines booklet offered by RBC Insurance.

## EXCLUSIONS

The policy does not cover any loss that results from:

- self inflicted injury; suicide or attempted suicide; use of drug or intoxicant except as prescribed by a physician;
- attempting or provoking a criminal offence;
- mental or nervous disorders without organic cause;
- driving while intoxicated;
- war or hostile action of the armed forces of any country, whether such war is declared or undeclared.

Refer to the specimen contract for complete details on exclusions to this policy.

## LONG TERM CARE INSURABILITY CHECKLIST

An application for Long Term Care Insurance should not be submitted if your client currently suffers from or has ever suffered from any of the medical impairments listed below:

- Alcohol and/or drug abuse within the last 3 years
- Alzheimer disease, dementia
- Amputation secondary to disease
- Amyotrophic lateral sclerosis (ALS)
- Ataxia (unstable gait)
- Blindness secondary to disease
- Cancer, if any recurrence, or with metastases
- Cerebral palsy
- Chronic obstructive pulmonary disease (COPD)
- Cirrhosis of the liver
- Cystic fibrosis
- Dizziness or vertigo (ongoing problems)
- Emphysema
- Epilepsy attack within the last 12 months
- Hepatitis C or active hepatitis B
- HIV positive or AIDS
- Huntington's chorea
- Kidney dialysis
- Leukemia
- Lupus (other than discoid)
- Major organ transplant\*
- Multiple sclerosis (MS)
- Muscular dystrophy
- Osteoporosis with fractures
- Paralysis
- Parkinson disease
- Post-polio syndrome
- Pulmonary fibrosis
- Senility, memory loss, or cognitive impairment
- Sickle cell disease
- Stroke or transient ischemic attack (TIA)

\* Some exceptions apply. Discuss with Underwriting Department prior to submitting an application.

## PREMIUM RATE CALCULATION

We recommend that you use the RBC Illustrations software on your computer to calculate the premium. RBC Illustrations will determine age nearest birthday, allow you to obtain a complete and accurate illustration, and provide you with a personalized illustration to present to your clients.

**Rates:** Rates are per \$10 unit of daily benefit and are blended for gender and smoking status

\* See section on Guaranteed Renewable

**Policy Fee:** \$60 annually, per contract

**Payment Modes:** Annually

Monthly (Total Annual Premium x .09)

To calculate the Family Discount (this discount applies to two or more people living together under the same roof) deduct 10% from the total annual premium of each policy (including policy fee and any other benefits attached to the policy). Each individual is issued a separate contract.

## FREQUENTLY ASKED QUESTIONS AND ANSWERS

**Q. *What are Activities of Daily Living?***

A. These are activities that measure a person's level of independence/dependence. These include bathing, dressing, eating, maintaining continence, toileting and transferring.

**Q. *Can home care be provided by a family member?***

A. No. Home care can only be administered by a licensed vocational nurse, a licensed practical nurse, private caregiver or other employee of a Home Care Agency.

**Q. *Do home care services have to be provided by a registered nurse or can they be performed by a registered caregiver?***

A. Services can be provided by a private caregiver that you have hired, registered nurse or a registered caregiver as an employee of a Home Care Agency. Home Care Agency is defined as an agency which provides home health care services and is licensed accordingly, where a provincial statute exists, or which is acceptable to the Company if licensing is not required.

**Q. *How does the Insured satisfy the elimination period?***

A. For the Facility Care Benefit, the elimination period is the number of calendar days that pass once the Insured begins residing in a Long Term Care Facility. Under Home Care Benefits, the elimination period is the number of calendar days that pass once the Insured begins receiving Home Care services.

**Q. *Are premiums payable for life?***

A. No. The premium payment period is the longer of 20 years or the insured's attained age 65, depending on the Insured's age at the time of purchase.



**Q. *Are the rates guaranteed?***

- A. Yes. Premium rates are fully guaranteed for the first five years from the time of issue. After five years, we guarantee that the policy can be renewed annually. However, we reserve the right to increase the renewal premium up to a lifetime maximum of 50% of original annual premium, excluding policy fee. We will not change the rates on an individual basis. Any rate changes will be based on an entire class based on plan type and province.

**Q. *Are premiums required if benefits are being paid?***

- A. No. Waiver of premium is included at no extra cost and it takes effect as soon as we begin making benefit payments.

**Q. *Can Home Care be purchased on its own?***

- A. No. All policies must contain Facility Care Coverage.

**Q. *Can Facility Care be purchased on its own?***

- A. Yes.

**Q. *Why add the Return Of Premium benefit?***

- A. It is an excellent benefit providing for reimbursement of all annual premiums paid upon death of the Insured for facility care (including the policy fee and the Return of Premium benefit, with the exception of the Home Care Benefit and any other benefits added to the policy). The policy must be in force for at least five years and Facility Care Benefits must not have been paid by RBC Insurance. You can receive Home Care Benefits and still be eligible for the Return of Premium benefit.

**Q. *Can payments be received from the Government and RBC Insurance at the same time?***

- A. Yes. Regardless of any government benefits the Insured may be receiving, once the Insured qualifies for the benefit under the Long Term Care Insurance, the daily benefit is payable.

**Q. *Can benefits be collected under the Facility Care Benefit and the Home Care Benefit at the same time?***

- A. No. Benefits for the Facility Care Benefit and Home Care Benefit cannot be paid at the same time. Should the need for facility care confinement arise while the Insured has been collecting Home Care Benefits, Home Care Benefits would cease and benefits would be payable under the facility care portion of the policy.

**Q. *Can additional premiums be required after the policy is paid up?***

- A. RBC Insurance can only adjust the premium, not the payment period. As an example: If the plan is for a 20 year premium payment period and the plan has been paid for the entire 20 years, then no additional premiums will be required and no premium adjustments can be made. The same applies if the reduced paid-up option has been exercised.

**Q. *Can the owner of a Long Term Care Insurance be someone other than the Insured?***

- A. Yes. A Long Term Care Insurance can be owned by a close relation (i.e. spouse, son, daughter, niece, nephew, grandchild, etc.) but cannot be owned by a company.

**Q. *Are there any exclusions?***

- A. The policy does not cover any loss that results from:
- self inflicted injury; suicide or attempted suicide; use of drug or intoxicant except as prescribed by a physician;
  - attempting or provoking a criminal offence;
  - mental or nervous disorders without organic cause;
  - driving while intoxicated;
  - war or hostile action of the armed forces of any country, whether such war is declared or undeclared.

**Q. *What are some typical health care costs?***

- A. RBC Insurance has made available by province typical costs for facility care and home care. For further details, please visit [www.rbcinsurance.com/salesresourcecentre](http://www.rbcinsurance.com/salesresourcecentre).

**Q. *To whom are the Long Term Care Benefits payable?***

- A. For both Facility Care and Home Care, the benefits will be paid to the Insured. If the optional Return of Premium Rider is in effect, this benefit will be paid to the beneficiary as indicated on the application or subsequent change of beneficiary designation.

# REDUCED PAID-UP RATE TABLES

## REDUCED PAID-UP RATE TABLES — FACILITY CARE ONLY\*

Elimination Period: 0-days

If premiums are fully paid until the indicated policy year and then cease, the policy will become paid-up according to the following percentages:

Issue Age	Policy Year																													
	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
30	3	7	10	13	17	20	23	27	30	33	37	40	43	47	50	53	57	60	63	67	70	73	77	80	83	87	90	93	97	100
31	3	7	10	14	17	21	24	28	31	34	38	41	45	48	52	55	59	62	66	69	72	76	79	83	86	90	93	97	100	
32	4	7	11	14	18	21	25	29	32	36	39	43	46	50	54	57	61	64	68	71	75	79	82	86	89	93	96	100		
33	4	7	11	15	19	22	26	30	33	37	41	44	48	52	56	59	63	67	70	74	78	81	85	89	93	96	100			
34	4	8	12	15	19	23	27	31	35	38	42	46	50	54	58	62	65	69	73	77	81	85	88	92	96	100				
35	4	8	12	16	20	24	28	32	36	40	44	48	52	56	60	64	68	72	76	80	84	88	92	96	100					
36	4	8	13	17	21	25	29	33	38	42	46	50	54	58	63	67	71	75	79	83	88	92	96	100						
37	4	9	13	17	22	26	30	35	39	43	48	52	57	61	65	70	74	78	83	87	91	96	100							
38	5	9	14	18	23	27	32	36	41	45	50	55	59	64	68	73	77	82	86	91	95	100								
39	5	10	14	19	24	29	33	38	43	48	52	57	62	67	71	76	81	86	90	95	100									
40	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100										
41	5	11	16	21	26	32	37	42	47	53	58	63	68	74	79	84	89	95	100											
42	6	11	17	22	28	33	39	44	50	56	61	67	72	78	83	89	94	100												
43	6	12	18	24	29	35	41	47	53	59	65	71	76	82	88	94	100													
44	6	13	19	25	31	38	44	50	56	63	69	75	81	88	94	100														
45	7	13	20	27	33	40	47	53	60	67	73	80	87	93	100															
46 to 80	7	13	20	27	33	40	47	53	60	67	73	80	87	93	100															

\* Reduced Paid-Up Option does not apply to Home Care

# REDUCED PAID-UP RATE TABLES

## REDUCED PAID-UP RATE TABLES — FACILITY CARE ONLY\*

Elimination Period: 90-days

If premiums are fully paid until the indicated policy year and then cease, the policy will become paid-up according to the following percentages:

Issue Age	Policy Year																											
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35		
30	0	4	8	12	16	20	24	28	32	36	40	44	48	52	56	60	64	68	72	76	80	84	88	92	96	100		
31	0	4	8	13	17	21	25	29	33	38	42	46	50	54	58	63	67	71	75	79	83	88	92	96	100			
32	0	4	9	13	17	22	26	30	35	39	43	48	52	57	61	65	70	74	78	83	87	91	96	100				
33	0	5	9	14	18	23	27	32	36	41	45	50	55	59	64	68	73	77	82	86	91	95	100					
34	0	5	10	14	19	24	29	33	38	43	48	52	57	62	67	71	76	81	86	90	95	100						
35	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100							
36	0	5	11	16	21	26	32	37	42	47	53	58	63	68	74	79	84	89	95	100								
37	0	6	11	17	22	28	33	39	44	50	56	61	67	72	78	83	89	94	100									
38	0	6	12	18	24	29	35	41	47	53	59	65	71	76	82	88	94	100										
39	0	6	13	19	25	31	38	44	50	56	63	69	75	81	88	94	100											
40	0	7	13	20	27	33	40	47	53	60	67	73	80	87	93	100												
41	0	7	14	21	29	36	43	50	57	64	71	79	86	93	100													
42	0	8	15	23	31	38	46	54	62	69	77	85	92	100														
43	0	8	17	25	33	42	50	58	67	75	83	92	100															
44	0	9	18	27	36	45	55	64	73	82	91	100																
45	0	10	20	30	40	50	60	70	80	90	100																	
46 to 80	0	10	20	30	40	50	60	70	80	90	100																	

\* Reduced Paid-Up Option does not apply to Home Care



# NOTES

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## About RBC Insurance

RBC Insurance, through its operating entities, including RBC Life Insurance Company, provides a wide range of life, health, travel, home, auto and reinsurance products as well as creditor and business insurance services to more than five million North American clients. As a leading provider of individual living benefits and life insurance products in Canada, RBC Insurance offers a comprehensive portfolio of individual and group life and health insurance solutions, including term and universal life insurance, group benefits, disability critical illness, and long term care insurance as well as segregated funds. These products are distributed through more than 17,000 independent brokers affiliated with producer groups, financial planning firms and stock brokerage firms, as well as through direct sales and a network of career sales representatives.

For more information, please visit  
[www.rbcinsurance.com](http://www.rbcinsurance.com)



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