

# Product and Pricing Changes Effective January 1, 2020

## Frequently Asked Questions

### 1. What product changes will be made on January 1, 2020?

Effective January 1, 2020, we will be:

- Discontinuing sales of our Guaranteed Universal Life (GUL) product
- Repricing both the Level and Graded Living Promise Whole Life final expense products. Even with these changes, Living Promise will remain one of the most competitive final expense products in the marketplace:
  - The **level benefit plan** will experience a price increase for most cases
  - The **graded benefit plan** will experience a price decrease, which will better align the pricing with our guaranteed-issue direct-to-consumer product
- Repricing our Term Life Express Non-Return of Premium (TLE Non-ROP) product
- Discontinuing sales of the Term Life Express 20-Year Return of Premium product

### 2. Why are you making these product changes?

Mutual of Omaha is financially strong and we continue to focus on growing our company. Our commitment to growth is what helps ensure that we will be around when it comes time for us to deliver on the promises we have made to our policyholders.

This continued growth requires an investment of capital, and as a mutual company, we rely primarily on our earnings to create new capital. Recently, statutory earnings have been impacted by several economic factors, including a prolonged low interest rate environment. We are proactively addressing this trend in 2020 to produce positive statutory earnings and maintain our long-term financial strength. One way we will be doing this is by making changes to our life insurance product portfolio.

### 3. How do low interest rates affect life insurance business?

The expected profitability of life insurance products is impacted by interest rates earned by the company. That's because companies reinvest the premiums they receive and expect to earn a certain return to fulfill the long-term commitments that are made to policyholders. When interest rates drop to low levels over a sustained period, life insurance companies are not able to earn the returns expected on the reinvested premiums, which negatively impacts expected earnings.

### 4. Are these changes driven by the 2017 CSO Table changes or the Principal Based Reserving (PBR) requirements?

No. Our life insurance products were already updated throughout 2019 for 2017 CSO Table changes. And, although we are in compliance with the new Principal Based Reserving requirements, we did not make any pricing changes to our products as a direct result of the new PBR requirements. The product and pricing changes going into effect on January 1, 2020 are being made to help produce positive statutory earnings and maintain our long-term financial strength in today's economic environment.

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**Mutual of Omaha**

Underwritten by  
United of Omaha Life Insurance Company  
A Mutual of Omaha Company

**5. What additional actions are being taken to produce positive statutory earnings in 2020?**

In addition to making product and pricing changes, we are also making changes internally to improve productivity and operate more efficiently. Our employees are working relentlessly to eliminate waste, improve processes and achieve breakthrough performance objectives. This will lower our costs, enhance the value of new business and contribute to greater earnings.

**6. Can I still submit applications for GUL and TLE 20-year ROP policies that I am actively in the process of selling?**

- Yes. GUL and TLE 20-Year ROP **paper** applications must have a signed date **prior to** January 1, 2020 and must be received in the home office by January 15, 2020. TLE 20-Year ROP **electronic** applications must be signed **prior to** January 1, 2020.
- For any GUL applications signed January 1, 2020 or later, or any GUL applications received after January 15, 2020 (regardless of app signed date), Underwriting will contact the broker/agent to determine if they wish to proceed using a different product.
- For any TLE 20-Year ROP applications signed January 1, 2020 or later, or any TLE 20-Year ROP applications received after January 15, 2020 (regardless of app signed date), Underwriting will contact the broker/agent to determine if they wish to proceed using either the TLE 30-Year ROP or TLE 20-Year Non-ROP. If one of these alternate product options is selected, an amendment will be included when the policy is issued.

**7. Can my clients still receive the lower 2019 pricing for Living Promise Whole Life level benefit plans and Term Life Express Non-ROP policies that I am actively in the process of selling?**

- Yes. To receive the 2019 pricing, **paper** applications must have a signed date **prior to** January 1, 2020 and must be received in the home office by January 15, 2020. **Electronic** applications must be signed **prior to** January 1, 2020.
- The new pricing will be used for any applications for Living Promise Whole Life or Term Life Express Non-ROP policies that are signed January 1, 2020 or later, and any applications received after January 15, 2020 (regardless of app signed date).

**8. Can my clients who have already applied for a Living Promise Whole Life graded benefit plan get the new, lower 2020 pricing?**

Only applications with a signed date of January 1, 2020 and later will get the new pricing. If the broker/agent wishes to have the new pricing on a pending in-house application that was signed prior to January 1, 2020, they will need to contact Underwriting. These requests will be processed after January 1, 2020 and will count toward the agent's 2020 production, **not 2019 production**.

**9. When will the WinFlex illustration software and Mobile Quotes be updated?**

The WinFlex illustration software and the *Quotes for Sales Professionals* Mobile Quoting app will be updated beginning January 1, 2020. This update will include the removal of the GUL and TLE 20-Year ROP products, as well as the new pricing for the Living Promise Whole Life and TLE Non-ROP products.

**10. When will applications be updated?**

Our fully-underwritten and simplified issue applications will be updated to reflect the removal of GUL and the TLE 20-Year ROP products. Please note: We will still accept the previous version of the application after December 31, 2019, although we do encourage you to update your application packets as soon as possible once they are available.

- **Orderable/Printed Paper Applications:** The orderable/printed application packets will be updated by close of business on December 30, 2019. Application packets that are ordered on or after December 31, 2019 will include the revised base application.
- **Downloadable Paper Applications:** Revised application packets can be downloaded from Forms & Materials on the Sales Professional Access website beginning January 2, 2020.
- **Electronic Applications:** Our Term Life Express electronic application will be updated to disable the 20-Year ROP option in mid-January.

**11. Is the 30-Year Term Life Express ROP product still available for sale?**

Yes. We will still be offering the 30-Year TLE ROP product at the current pricing.

## 12. How much should we expect the prices to change on Living Promise Whole Life and Term Life Express Non-ROP?

- The Living Promise level benefit plan pricing will typically be increasing by less than 3%, and the graded benefit plan pricing will be decreasing significantly. Living Promise will remain one of the most competitive final expense products in the market.
- You can expect increases of up to 10% for the TLE Non-ROP product

## 13. What products will remain available for Term Life Answers conversions?

Although GUL will no longer be available for term conversions, we still offer a variety of products that allow your current Term Life Answers clients to convert from temporary insurance to a permanent life insurance solution, including:

- Income Advantage IUL
- Life Protection Advantage IUL
- AccumUL Answers
- GUL Express
- IUL Express

## 14. Will there be any impact to in force policies?

No. The pricing changes only impact newly-issued policies.

## 15. What alternative product solutions are available for clients who are looking for guaranteed life insurance protection?

- Consider a **Life Protection Advantage IUL** policy. Although it doesn't guarantee through age 120, there are many advantages of a protection-focused IUL policy, including:
  - A guarantee to age 85, which is often beyond the client's life expectancy (by paying the no-lapse protection premium)
  - A projected death benefit that can extend to age 120 at a competitive premium and using a conservative rate illustrated rate
  - Cash value accumulation that provides flexibility if the client's situation changes
  - A Guaranteed Refund Option Rider, included with qualifying policies at no additional charge
- You may also want to look at **GUL Express** as an alternative for face amounts of \$300,000 and below. With GUL Express, your client gets coverage on a simplified-issue basis without medical exams or lengthy health inquiries.

## 16. When will Term Life Express Automated Underwriting be available and what will be included?

We are currently testing and coordinating the release of TLE Automated Underwriting (our instant decision tool) for iPipeline e-Applications. We anticipate that it will be available in January. This release will also include the condensed and enhanced e-App screens. We will notify you as soon as a final date is confirmed.