PACIFIC
ADVISORS
Seattle Office:
1702 North 34th Street
Seattle, WA 98103
Phone: 206.633.2922
Fax: 206.633.0185

St. Louis Office:
230 South Bemiston Ave.
Suite 1425
St. Louis, MO 63105
Phone: 314.678.2576
Fax: 314.721.1047

Toll Free Phone: 877.455.9580
www.pacificadvisors.net

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IDI And The Military: FAQ *(continued)*

(continued from page 1)

When insureds are on active duty, can they exercise Future Purchase Options (FPO)?
When coverage was issued before the beginning of active duty military service or the receipt of call-up orders, insureds are allowed to exercise FPO while on active duty. The insureds' military income is used to determine their benefit amounts.

Injuries during active service
A disabling injury or sickness incurred while on active military duty or while training for active duty, even during a time of war, is not automatically excluded under the policy's exclusions for disability due to war. This exclusion from coverage is based on disabilities resulting from an act of war, without regard to the military status of the insured. A disabling injury due to enemy gunfire, artillery or an explosion would almost certainly be due to war while a disabling injury from an auto accident would not be excluded, unless the accident was caused by an act of war.[2] Therefore, an injury suffered in the United States would likely be covered, even if the injury occurred during military training. And, subject to war exclusion, benefits will be limited to 12 months while the insured resides outside of the United States and Canada.

1. The application must be written, approved and placed before their active duty call-up orders.
2. These examples are provided solely to help explain how the policy works and may not be considered statements regarding the way the policy would be interpreted in any specific claim situation. All disabilities will be reviewed on a case by case basis and will depend on the language of the policy. The terms of the policy will control all claims.

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Brokerage News

PACIFIC
ADVISORS

IDI And The Military: FAQ

The Standard provides individual disability income insurance (IDI) coverage to men and women in the United States military. Their coverage even provides protection when insureds are called to active duty. Here are some commonly asked questions about the coverage:

Who in the military is eligible to apply for IDI insurance?
The Standard accepts applications for DI coverage from individuals in the reserves as long as the applicants otherwise qualify, aren't on active duty, and don't have call-up orders.[1] They also accept applications from medical residents and fellows who aren't on active duty and don't have call-up orders, even if they have pay-back obligations.

Who in the military is not eligible to apply for IDI?
Military personnel on active duty, individuals who have call-up orders, and medical residents and fellows with active call-up orders who have a military pay-back obligation, i.e. owe one year of military service for each year of scholarship received.

When existing insureds are on active duty and deployed, is their coverage cancelled?
The Standard doesn't cancel coverage for insureds while they are serving active military duty so long as each insured's application was executed and coverage was issued before the insured received his or her call-up orders for active duty.

Do military personnel need to be deployed abroad to be considered on active duty?
No. Insured individuals are covered for any disability so long as the disability didn't result from an act of war.

(continued on page 4)

News You Can Use

- **During Disability Insurance Awareness Month, Pacific Advisors donated $6.725 to Ben Towne Foundation for Pediatric Cancer Research. Thank you to all the agents who made it possible by submitting applications and now 'like' or 'follow' us on Facebook and Google+.**
- Ameritas has increased their Issue & Participation Limits.
- Mutual of Omaha DI has rolled out Express Standard Issue (ESI), a new DI at Work program providing an easy solution for voluntary enrollment in the middle market for small employers. Visit our website for details.

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If there are specific topics you'd like to see covered in future newsletters, please contact:

Kelsie Van Tine

at kelsie@pacificadvisors.net

Visit our website at www.pacificadvisors.net
for industry news and upcoming events!

Licensing and Contracting Q&A With Jaymie Darden

We often receive questions regarding the licensing and contracting procedures here at Pacific Advisors. We thought it would be helpful to have Jaymie Darden, our Licensing and Contracting Manager, answer a few of these questions to hopefully make the process smoother for our agents. Continue reading for the most frequently asked questions and answers.

When is the best time to complete and submit contracting to Pacific Advisors?
The best time to submit contracting is at the same time as the application as long as your state is not considered a pre-appointment by the carrier (inquire if you do not know). This will help to avoid any underwriting delays or failing to get appointed within the time frame allotted by your state. Even though you might not need to be pre-appointed in your state, some of them have very short time frames to be appointed.

When do I need to get a license for the state I want to write an application in?
Prior to writing the application. This rule applies in every state.

When do I need to take my LTC Continuing Education course?
(If applicable in your state) Prior to writing an LTC application. Most states use the NAIC model for the LTC course and that includes an initial 8 hour course to be taken and then a 4 hour refresher course every two years thereafter. Some states do not use this model though, so if you are unsure of your state requirements please contact us or visit the insurance website for your state. LTC courses expire two years from the date the course is taken and is not tied to the expiration of your state license.

How long will the contracting process take?
There is no general time frame that can be given for how long the contract and appointment process will take because every carrier has their own process and other factors can contribute to the length of time.

Common items that can lengthen the contract and appointment process:

1. Any missing information on your contract.

2. Answering "yes" to any background questions or when something comes up in your background check. If you think you might have something to be reviewed by the carrier, it is a good idea to send the contracting before or at the same time as the application (and send the application to our office as soon as it is completed by the client). Some carriers still will not process your contract until they have received your first application, even if you have a background issue, so sending everything in a timely manner will help.

3. Sending contract/appointment paperwork when you have no business to submit. Some carriers will still process a contract even if there is no new business, but it will go to the bottom of the pile. Many carriers, though, will not even begin the process until an application is submitted to new business.

4. The process can take longer sometimes if the carrier has a larger volume of contracts than usual to process.

For any further questions regarding licensing and contracting, contact Jaymie at 877.455.9580.

Time to Take Another Look...

Choosing the right type of inflation coverage is one of the most important decisions your client will make when purchasing a Long-Term Care insurance policy. It's critical that the policy they purchase today enables their benefits to keep pace with the anticipated future costs of care – especially when the benefit that your client buys today may not be accessed until 20, 30 or 40 years down the road. At the same time, they want inflation protection at a price that fits their budget. John Hancock's CPI* linked inflation protection is an option that offers them both.

*CPI refers to the non-seasonally adjusted Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the U.S. Department of Labor.

How the CPI linked inflation protection works -

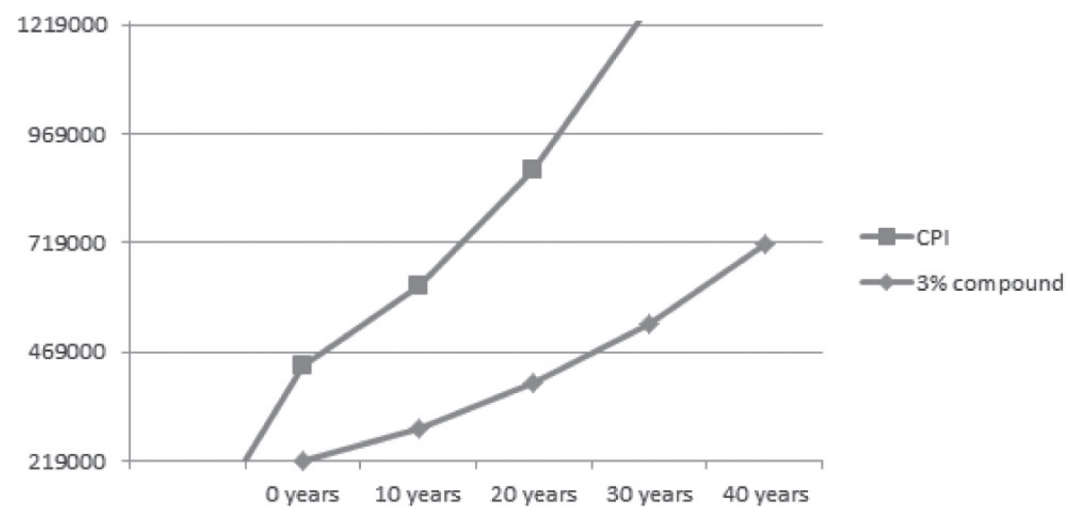
Every year on the insured's policy anniversary, the benefit and the total pool of money will be automatically adjusted according to the increase in the CPI. The rates used to determine the actual increase in the benefit is the percentage change in the CPI over the one-year period ending three months prior to the insured's policy anniversary.

In addition, the inflation option increase includes a Guaranteed Increase Option (GIO). This feature gives the client the opportunity every three years to increase the existing benefit by 5% - for any reason, and with no health questions or exams. Benefit increases made though the GIO will require additional premiums. Additional provisions apply – such as max issue age, and increases cease to be offered if the insured has refused two previously.

Benefits of a CPI option:

- The amount of the increase is unlimited.
- The benefit will never decrease based on the CPI
- This option keeps pace with the rising costs of care

The graph compares the performance of 3% compound vs CPI:



Give us a call to discuss or request an illustration.