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## **Monthly Modal Premium Factor Lowered in Arizona and the District of Columbia**

Effective November 20, 2020, the modal premium factor utilized to determine the monthly premium amount for National Guardian Life Insurance Company's (NGL) EssentialLTC product is being lowered in Arizona and the District of Columbia. The change will be from a current factor of .095 to a new factor of .0875.

With this implementation, the monthly modal factor will now be .0875 in all states where EssentialLTC is available. Please see the [EssentialLTC State Variation](#) for additional information, noting that this document will be revised on November 20, 2020 to reflect the change to the lower monthly modal factor in Arizona and the District of Columbia

### **Impact to New Business**

The new lower monthly modal premium factor will mean that when quoting a monthly premium payment in these states, the monthly premium will be slightly less than it would be utilizing the old factor.

### **EssentialLTC Illustration Software**

The revised illustration software, which will include the lower monthly modal premium factor, will be available November 20, 2020.

If you had previously saved an Arizona or District of Columbia illustration in the EssentialLTC illustration software, you will still be able to access the saved illustration. Should you access a saved illustration in a state where the monthly modal premium factor has changed, running the Arizona or District of Columbia illustration reports on or after November 20, 2020 will result in a monthly premium that reflects the new lower factor.

### **Impact to Existing (active) Policies on the Monthly Mode in Arizona and the District of Columbia**

EssentialLTC policies issued in Arizona and the District of Columbia that are on a monthly payment mode will have the monthly premium amount automatically recalculated utilizing the new lower monthly modal premium factor, resulting in a lower monthly payment. This change will be reflected for monthly payments occurring November 20, 2020 and after.

In addition, any active policy that had one or more premium payments made on a monthly mode over the life of the policy will have each monthly payment recalculated. Any recalculated amount due will be refunded to the payee with interest. Affected policyholders will be sent a letter explaining the change in the monthly modal premium factor, and that the result is a premium refund with interest.