

The news and ideas magazine for the Independent Agents of United American and First United American Life Insurance Companies.

4th Quarter Countdown:

*Here's
Your
Game Plan!*



EDITOR'S NOTES

THE SUMMIT

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RATE INCREASES ON UNDER AGE 65

HEALTH POLICIES

For all new business and inforce under age 65 health policies, the rate increase policy will be adjusted to comply with UA's current Medicare Supplement rate increase policy. Please note the following:

- **For policies effective October 1, 2005 or later,** a rate increase may be implemented four months from the effective/issue date of the policy.
- **For inforce policies with effective dates of September 30, 2005 and prior,** the current 12-month rule will remain in effect until October 1, 2006.
- UA will continue to comply with all state law requirements regarding the timing of increases.

If you have any further questions regarding these new policies, please contact Agency Service at 1-800-925-7355.

INTEREST RATES SET

The **Lifestyle Annuity** new money interest rate for the month of **October** is **3.75 percent**.

Rates will continue to be reviewed and adjusted accordingly. The **Deposit Fund Rider** new business interest rate for 2005 has been set at **3.00 percent**.

NEW CANCER APP/BROCHURE

Effective immediately, a new **Cancer Advertising Brochure (F4131)** is now available and will replace the existing supply of CANB Cash Benefit Cancer App/Brochures. For new materials, please contact Agency Supply.

GREAT NEWS FOR GROUP!

United American now has Employer Group Medicare Part D prescription drug coverage available. If you have a retiree health group of 25 lives or more that needs prescription drug coverage, contact UA's Group Department at 1-800-353-6926. You may also request more information at www.uamedicarepartd.com/groups.

ATTN: MEDICARE SUPPLEMENT AGENTS

If an applicant is issued a Medicare Supplement Disability plan on a guaranteed issue or open enrollment basis, including an HMO disenrollment, in most states there will be no commission paid or credited at any level. UA will continue to pay commissions on underwritten Medicare Supplement Disability business issued outside of guarantee issue and open enrollment situations. Please refer to your commission schedule for specific information in your state.

Note: In order to comply with federal and state mandates, all applications will be issued accordingly if the applicant is eligible for guarantee issue or open enrollment. Agents should not underwrite these individuals.

ATTN: AL, CA, OR, AND TN AGENTS

UA has given refunds and/or premium credits to policyholders in these states who were issued a Procare Plan F policy through December 31, 2004. Most policyholders received one to three months premium credit. Depending upon the inforce status, some policyholders may have received refunds depending on the state and year of issue. If the policyholder received a premium credit, no commission will be paid during this waiver period as the company is not collecting premium.

ATTN: NV HEALTH AGENTS

UA's portfolio of under age 65 health policies are not major medical and should never replace such coverage. Any UA health application which replaces the applicant's major medical coverage will be declined.

UA PARTNERS® REMINDER

If UA Partners members have **questions about prescriptions, hearing, dental, vision, or chiropractic services, please have them call 1-800-308-0374**. If the UA Partners members have **questions about the Provider Network program** or provider hospitals and doctors, they should call **1-800-236-3609**.

Katrina and Rita ... Not Ballerinas!

Their names are certainly not intimidating. One sounds like a Russian gymnast and the other like my Aunt. But neither will ever be forgotten due to the degree of devastation, destruction and tragedy left in their wake. The real victims are the countless thousands who lost most, if not all their earthly possessions and means of livelihood. And, of course, those most unfortunate who lost loved ones.

I hope each of us has been changed in some way by these storms, these forces of nature that show no respect for people of any race, rank or creed. I think when events like this take place around the world we should all pause – at least long enough to take stock. Take five for a gut check and a review of our priority list in life. Better yet, take the weekend for an evaluation of our gratitude quotient. I have, and many others I am associated with have as well. Here are just a few of my observations over the past few weeks.

LIFE IS FRAGILE AND UNCERTAIN: Some of you may be saying, “OK, are you just figuring this out?” No, but, I believe if we are honest we can admit that it is easy to get caught up in the stuff of everyday life, the pressures of business and the sometimes battle of just getting through each day. I know I do, but it is good to remember that *each and every day is a gift – not an entitlement*. At almost 52, I seem to be a little less immortal (among other things) than I was at 18. The mountains I climb aren’t quite as high, frequent, or difficult these days. Good friends, a warm camp fire, and my old guitar have taken the place of a pint of Jack, a fast car, and “all-niters.” Older? Definitely. Wiser? I hope so.

I have been reminded that we should feel proud to practice a profession that stares the uncertainties of life in the face. After all, by providing asset and lifestyle protection to the individuals and families we serve, we offer peace of mind – one of the sweetest products available. There is not a better time than now to puff up your chest a little and rededicate yourself to this profession, its values, and the REAL reason we do what we do. Helping people is still a NOBLE CAUSE in my book, and at United American and First UA we’re darn proud to be associated with great folks like you who believe the same.

WE HAVE THE POWER OF CHOICE: As Katrina rolled through the Gulf Coast, the news cameras somehow kept rolling as well. I can’t imagine having the presence of mind to respond to a reporter sticking a microphone in my face when my whole life has just been altered beyond my ability to comprehend it. But we watched it happen over and over again. I began to see a pattern, and you may have noticed it as well.

Virtually the same catastrophic event happened to neighbors but often resulted in two entirely different reactions. One family chose a path of faith...seeing beyond what lay in front of them and deciding then and there that the most important thing was their lives. Yes, it was dark and there would be tough times ahead, but there was light at the end of the

LARRY STRONG

Executive Vice President,
Chief Marketing Officer,
General Agency Division
United American & First United American



tunnel. Step by step, day by day they were sure BEYOND ANY REASONABLE DOUBT that they would be OK. Another family saw only darkness, doom, and despair with no sign of hope or a future. Life as they understood it, was over. They were paralyzed, and we all understood how this sentiment could have been ours. Our hearts ached as we watched the horror and realized none of us truly know how we will react until we’re dealt such a blow.

While watching “fair and balanced news,” I was once again reminded that our joy, peace and serenity are not about our circumstances. Life is ultimately about the choices we make, and we make thousands of choices every day. Yes, from time to time things happen to us that are way beyond our control or responsibility. Very bad things happen to very good people. LIFE ISN’T FAIR! But what IS fair is that we get to choose how we react to what life deals us. And that is where the adventure begins...and the honesty of accountability as well.

What choices can we start making differently today that might make us better husbands, wives, mothers, fathers, Agents, Managers, Agency owner/operators? I have more than just a few on my list.

OUR CUP RUNNETH OVER: I have been humbled by Katrina and Rita. No, I didn’t lose any property, friends or relatives. I suffered no financial loss. I had no travel plans to the Gulf Coast that needed rescheduling. To the best of my knowledge my life has not been disrupted or materially impacted one iota due to either hurricane...but I have been humbled.

You see, before the events of the past few weeks I woke up every day striving to see my life’s cup half full instead of half empty. But an epiphany took place at the grocery store two days after Katrina. I was standing impatiently in the Express Lane with my four items in hand, looking at the eight people in line in front of me. I was counting the number of items each person had and thinking of the six things I needed to get done in the next three hours. The little, elderly, white-headed guy in front of me turned around with a gentle smile and soft twinkle in his eye and said, “Isn’t it wonderful to even have a line to stand in at an open grocery store?” Have you ever seen a grown man look for a hole to crawl into? Humbled isn’t the word to describe how I felt...it was more like ashamed.

I have an idea. Let’s all be thankful and grateful together to even have a cup. Compared to so many others, most of our cups are plenty full indeed. Maybe ours is full enough that we can spare some of its contents to those who need a little help right now. Whether your cup is running over or you are in the midst of some critical decisions, my hope for all of you is that you embrace the uncertainty of life with an attitude of gratitude and make wise choices along the way.

See you at the Summit!

TOP PRODUCERS

PRESIDENT'S CLUB

Through September 2005, the producers represent the top Agencies with the highest net combined annualized premium. Agencies can also qualify to attend the annual sales conference. Final qualifiers will be based on company production and retention requirements.



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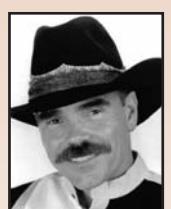
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Kick off the 4th Quarter in New York with High Deductible Plan F+

Effective this month, First United American is offering the High Deductible Plan F+ (HDF+) to NY Seniors for the first time. This is an exciting product both for Agents and customers and has already been very well received by the Seniors in other states. It presents a cost-effective approach to Medicare Supplements for many NY Seniors.

Why should Seniors buy an HDF policy?

First UA 2004 Plan F Policyholder Claims*

Claim Amount	Age 65-67		Age 68-72		Age 73+	
	% of Policyholders	Average Annual Claims	% of Policyholders	Average Annual Claims	% of Policyholders	Average Annual Claims
Under \$200	32%	\$70	25%	\$88	18%	\$93
Under \$500	54%	\$176	48%	\$206	38%	\$220
Under \$1,000	71%	\$305	67%	\$350	57%	\$385
Under \$1,730 (deductible)	83%	\$459	80%	\$514	74%	\$604

*per Company statistics

When First United American reviewed the 2004 policyholder claims under our Plan F Med-Supp policy, 83 percent of our policyholders age 65-67 had claims well under \$1,730, the federally determined calendar year deductible for all high deductible Med-Supp policies in 2005. The average claim, in fact, was only \$459. Why should your customer pay for claims they may never have?

According to Weiss Research,

"If you are relatively healthy and currently only incur routine medical expenses, you should purchase a catastrophic, or high-deductible health insurance policy that would kick in when your medical bills exceeded a predetermined level."

Weiss Ratings' Consumer Guide to Medicare Supplement Insurance, Summer 2004

With so many demands on their limited budgets, many Seniors find themselves in a financial bind. Rising Medicare premiums and deductibles, higher prescription costs, increasing fuel costs for transportation and heating, and only modest COLA increases leave little for extras. For instance, after a 17.5 percent increase in Medicare's Part B premium for 2005, it's going up again in 2006 to \$88.50 per month. First United American is very concerned about the budget constraints our NY Seniors face daily. The introduction of HDF+ may help to ease the financial burden.

What Are the Benefits?

Designed for Medicare-eligible NY Seniors, the HDF+ has a deductible (\$1,730 in 2005 and \$1,790 in 2006) which must be met before policy benefits take effect. Once the customer has paid the deductible, HDF+ pays the exact same benefits as a regular Plan F policy, but at a substantially reduced premium. Benefits include:

Under Part A:

- Medicare's Part A hospital deductible(s)
- Medicare's blood deductible
- Medicare's hospital coinsurance amounts (61st through 90th day & 60-day lifetime reserve)
- All hospital eligible charges after Medicare benefits run out 365 days lifetime maximum
- Medicare's Skilled Nursing coinsurance, in Medicare certified facilities, for 21st through 100th day of confinement

Under Part B:

- Medicare's Part B deductible
- Medicare's blood deductible
- All Medicare coinsurance for medical and outpatient hospital expense
- 100% of the difference between the actual incurred charge and the Medicare approved Part B charge
- After a \$250 calendar year deductible, pays a foreign travel benefit at 80% of all incurred expenses that would have been Medicare eligible in the United States up to a lifetime maximum of \$50,000

The 2005 deductible amount is \$1,730, and the newly announced 2006 deductible amount is \$1,790.

Kick off the 4th Quarter in New York with High Deductible Plan F+

How much premium can a customer save with an HDF+ policy?

Assume your customer's Plan F policy costs \$238 monthly, and First UA's HDF+ policy averages only \$72 monthly. That's \$166 a month difference or \$1,992 over 12 months.

Current Monthly Plan F Policy Premium:	\$238
HDF+ Avg. Monthly Premium:	— <u>\$ 72</u>
Monthly Premium Savings:	<u>\$166</u>
	\$166 x 12 months =
	\$1,992 annual premium savings!

Under your customer's current Plan F, if they don't use the \$1,992 toward claims, THEY LOSE IT. Under an HDF+ policy, if they don't use the money for claims, THEY KEEP the savings.

HDF+ Policy Annual Premium Savings:	\$1,992
Average Claim for 83% of Seniors 65-67:	— <u>\$459</u>
Annual HDF+ Premium Savings:	<u>\$1,533</u>

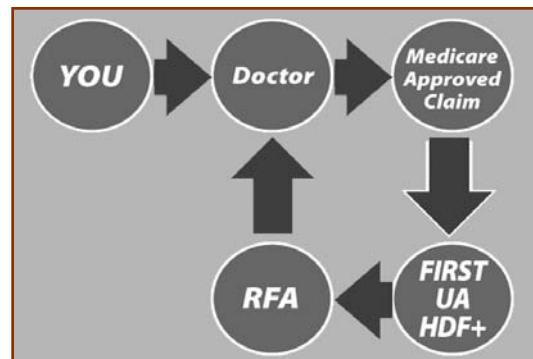
Premium savings can be substantial with HDF+. Eighty-three percent of our age 65-67 policyholders have annual claims averaging \$459. Based on the figures above, if they have an HDF+ policy and experience only \$459 in claims annually, they have \$1,533 in premium savings to use as they see fit. Purchasing an HDF+ can make great financial sense!



First UA's Optional Reserve Fund Annuity (RFA) sets us apart from other Med-Supp providers!

Once your customer has purchased an HDF+, where will they find the money to fund the deductible, and how can they make sure the money is available to pay claims? What if they never have a claim? If they do have claims, how do they pay the provider?

First UA's optional Reserve Fund Annuity was specifically designed to answer those questions. Purchased separately from the HDF+, the RFA and the HDF+ together offer a dynamic approach to deductible funding and premium savings. When your customer purchases the optional RFA, he or she can sign a pre-authorization for First UA to pay deductible claims to providers directly from the annuity (to the extent funds are available) until policy benefits take effect. If there are no claims, the customer can let the existing funds grow in the annuity or withdraw them. The choice is theirs!



Advantages of the Reserve Fund Annuity:

1. Policyholders can accumulate the deductible amount at a pace that is comfortable and convenient for them.
2. Policyholders can make deposits in a lump sum or monthly along with premium payments.
3. It's a no-load annuity so policyholders keep the full amount of the funds they deposit.
4. It's always accumulating interest, which is guaranteed never to be less than three percent.
5. It allows First United American to pay providers directly from existing RFA funds until policy benefits take effect.
6. It allows funds to be withdrawn at any time by the policyholder without penalty.

Policyholders can fund the RFA with a lump sum payment or make monthly deposits along with their premium payments. When the customer sends claims to First UA, we can then pay the provider directly from the RFA. Knowing they won't have to worry about how their doctors and hospitals will be paid should they become ill, is an added bonus for the customer and a terrific selling point for you.

Tackling 2006 Medicare Premiums and Deductibles!

Fall means not only the start of the football season, but also the announcement by the Centers for Medicare and Medicaid Services (CMS) of the new Medicare premiums and deductibles.* CMS Media Affairs recently released a fact sheet with background information on the increases, which could be helpful when marketing Medicare Supplements to your Senior prospects.

Medicare Part A

Covers inpatient hospital stays, skilled nursing facility and some home healthcare. Part A has a 2006 monthly premium of \$393, an \$18 increase over 2005. The Part A deductible is set at \$952 in 2006, a \$40 increase over 2005.

1. The vast majority of Seniors never pay any premium at all for Part A, because they or their spouse have satisfied 40 quarters of Medicare-covered employment.
2. Seniors with only 30 to 39 quarters will pay \$216 monthly in 2006.
3. The Part A deductible is the *only* cost a beneficiary will have for up to 60 days of Medicare-covered inpatient hospital care in a benefit period.

Medicare Part B

Covers physician services such as doctor visits, lab tests, and outpatient services. Part B has a monthly premium in 2006 of \$88.50, an increase of \$10.30 over 2005, and is taken out of Seniors' monthly Social Security checks.

The Part B annual deductible is set at \$124 for 2006, an increase of \$14 over 2005.

1. Law requires that the Part B monthly premium cover 25 percent of the Medicare program's costs. (The federal government pays the remaining 75 percent.) This includes the cost of maintaining a backup fund against unexpected spending increases.
2. The main reason for the increase in Part B premium is the increase in Part B services – doctors' office visits, lab tests, minor in-office procedures, and physician-administered drugs. Add an increase in outpatient services, and the result is greater Part B spending.
3. Payments to Medicare Advantage plans also are projected to be higher in 2006. That generates greater overall use of Medicare services, which means higher Part B spending, premiums, and deductibles.
4. Include recent (and expensive) Medicare legislation and the result is even greater Part B spending.

Medicare premiums and deductibles are increasing, but here's some good news:

- According to CMS, beneficiaries' cost of living adjustments (COLA) will be higher than any additional premium or deductible increase.
- According to Medicare, most Seniors will experience lower out-of-pocket healthcare costs in 2006 due to the new Medicare prescription drug benefit.
- A reduction in the fees physicians can charge Medicare means the Part B premium increase is less than it would be otherwise.
- About one-fourth of Medicare beneficiaries can receive assistance that pays for their entire Part B premium.

2006 Medicare Premiums & Deductibles at a Glance:

Medicare Part A Deductible	\$952.00
Medicare Part B Premium	88.50
Medicare Part B Deductible	124.00
HDF Deductible	1,790.00

*CMS updates the premiums, deductibles and co-payments for Medicare beneficiaries annually. All premiums are determined according to formulas set by legal statute.

2006 MEDICARE PART A

Part A is Hospital Insurance and covers costs associated with confinement in a hospital or skilled nursing facility.

When you are hospitalized for:

	Medicare Covers	You Pay
1-60 days	Most confinement costs <u>after</u> the required Medicare Deductible	\$952 DEDUCTIBLE
61-90 days	All eligible expenses, <u>after</u> the patient pays a per-day copayment	\$238 A DAY COPAYMENT as much as: \$7,140
91-150 days	All eligible expenses, <u>after</u> patient pays a per-day copayment (These are Lifetime Reserve Days which may never be used again.)	\$476 A DAY COPAYMENT as much as: \$28,560
151 days or more	NOTHING	YOU PAY ALL COSTS
SKILLED NURSING CONFINEMENT: When you are hospitalized for at least 3 days and enter a Medicare approved skilled nursing facility within 30 days after hospital discharge and are receiving skilled nursing care.	All eligible expenses for the first 20 days; then all eligible expenses for days 21-100, <u>after</u> patient pays a per-day copayment	After 20 days \$119 A DAY COPAYMENT as much as: \$9,520

2006 MEDICARE PART B

**Part B is Medical Insurance
and covers physician services, outpatient care, tests and supplies.**

On expenses incurred for:	Medicare Covers	You Pay \$124 Annual Deductible PLUS
Medical Expenses Physician's services for inpatient and outpatient medical/surgical services; physical/speech therapy, diagnostic tests	80 percent of approved amount	20 percent of approved amount
Clinical Laboratory Services Blood tests, urinalysis	Generally 100 percent of approved amount	Nothing for services
Home Health Care Part-time or intermittent skilled care, home health aide services, durable medical supplies and other services	100 percent of approved amount; 80 percent of approved amount for durable medical equipment	Nothing for services; 20 percent of approved amount for durable medical equipment
Outpatient Hospital Treatment Hospital services for the diagnosis or treatment of an illness or injury	Medicare payment to hospital, based on outpatient procedure payment rates	Coinsurance based on outpatient payment rates
Blood	After first three pints of blood, 80 percent of approved amount	First three pints plus 20 percent of approved amount for additional pints



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On all Medicare-covered expenses, a doctor or other health care provider may agree to accept Medicare "assignment." This means the patient will not be required to pay any expense in excess of Medicare's "approved" charge. The patient pays only 20% of the "approved" charge not paid by Medicare.

Physicians who do not accept assignment of a Medicare claim are limited as to the amount they can charge for covered services. In 2006, the most a physician can charge for services covered by Medicare is 115% of the approved amount for non-participating physicians. Note: In New York, the most a physician can charge for services covered by Medicare is 105% of the approved amount for nonparticipating physicians. For routine office visits, covered by Medicare, a non-participating physician can charge up to 115% of the fee schedule amount.

Score the Winning Touchdown with UA's new FLEXGUARD Video!

With all the excitement that FLEXGUARD has generated these past few months among both Agents and customers, we are very pleased to offer another excellent marketing tool to help you generate even more enthusiasm about this new product.

Available in DVD format only, **FLEX05** is a ten-minute customer education video that explains simply and concisely why your customer should purchase a FLEXGUARD policy.

Initially, the video offers background information about why so many people are uninsured in the United States. The commentator then explains the importance of having health insurance and how it can provide your customer with easier access to healthcare, particularly in an emergency room situation.

The next section explains the value a FLEXGUARD policy offers in terms of available benefit levels, and optional benefit riders. It discusses guaranteed renewability, freedom of choice for doctors and hospitals and portability – three very important issues for your customer to consider.

The video concludes with some history on United American and the critical importance of choosing an insurance company that offers financial strength. It also emphasizes our outstanding Home Office customer service with footage of the Home Office and Home Office employees.

 **FLEX05** will give your customers the facts they need to make an informed decision and is an outstanding addition to our existing library of FLEXGUARD marketing materials. It's also a great item to place in our generic door hanger bag with insert (F4592) and leave with a prospect who isn't at home.

Order your DVDs today from Agent Supply at a cost of only \$1.10 each. Bags and inserts are also available together for \$.02 each from Agent Supply with a minimum purchase of 50.

F4592

**FLEX05 is approved for advertising
in all states where the FLEXGUARD policy
is approved.**

UA AGENT NOTE: What happens if your customer's FLEXGUARD policy lapses? All is not lost! They have two options:

1. The customer can reinstate the FLEXGUARD policy with any accompanying rider(s) by submitting the premium that is due. Obviously, this is the best option because the customer maintains the quality protection of the FLEXGUARD policy and any rider attached to it.
2. If the customer is unable to reinstate the FLEXGUARD policy, you can offer the customer the option of converting the Critical Illness or Accident rider to a separate stand-alone policy. The stand-alone policy will be guaranteed issue if the customer's response is received in the Home Office within 30 days of the FLEXGUARD lapse date.

Should a FLEXGUARD lapse occur, contact your customers immediately and make sure they are aware of their options.



FLEX05



Headquarters of United American Insurance Company

ABOUT YOUR COMPANY

United American and First United American Life Insurance Companies have a tradition of meeting the public's life and health insurance needs. We are a leader in individual life/health protection. We are totally committed to meeting customer needs through personal one-on-one Agent service and complete Home Office customer support.

TERRITORY

Licensed in:
Canada
United States of America

<i>District of Columbia</i>	<i>Illinois</i>	<i>Montana</i>	<i>Rhode Island</i>
<i>Alabama</i>	<i>Indiana</i>	<i>Nebraska</i>	<i>South Carolina</i>
<i>Alaska</i>	<i>Iowa</i>	<i>Nevada</i>	<i>South Dakota</i>
<i>Arizona</i>	<i>Kansas</i>	<i>New Hampshire</i>	<i>Tennessee</i>
<i>Arkansas</i>	<i>Kentucky</i>	<i>New Jersey</i>	<i>Texas</i>
<i>California</i>	<i>Louisiana</i>	<i>New Mexico</i>	<i>Utah</i>
<i>Colorado</i>	<i>Maine</i>	<i>New York*</i>	<i>Vermont</i>
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<i>Idaho</i>	<i>Missouri</i>	<i>Pennsylvania</i>	

* First United American Life Insurance Company

SUPPLY ORDER INFORMATION

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