

Aflac Group LTC: Term to 120 Product Launch Preview

Main Points

- Aflac Enters the Group LTC Market with a Term to 120 Product
 - Core Product Structure: 7702B Qualified, Fully Portable, Guaranteed Premiums and Benefits
 - Guaranteed Issue Underwriting Tiers and Spouse GI
 - True Cash Indemnity: Full Informal Care Eligibility
 - Inflation Protection Structure and Benefit Design Constraints
 - Pricing Competitiveness and Acceleration Options
 - Platform Rollout, Commissions, and Market Expansion Potential
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Detailed Explanations

Aflac Enters the Group LTC Market with a Term to 120 Product

Aflac's entry into the group long-term care market carries significant weight given its name recognition among employers and employees who know the brand primarily from supplemental and accident coverage. While Aflac has limited worksite LTC experience, the company brought in experienced long-term care product builders and managers to develop this offering, and reportedly did have a standalone individual LTC product in the past. The product follows the term life chassis pattern that has become the dominant entry point for carriers currently building group LTC programs, a structure favored for its affordability, simplicity, and compatibility with employer benefits administration platforms. The term-to-120 structure (rather than term-to-100 or 121) is a minor structural distinction, though the practical impact is minimal.

Core Product Structure: 7702B Qualified, Fully Portable, Guaranteed Premiums and Benefits

The Aflac product is a term-to-120 life insurance policy with a 7702B-qualified long-term care rider, issue ages 18 to 75 for employees and spouses, priced on 5-year age bands with potential future availability of issue-age pricing. Premiums and benefits are fully guaranteed for the life of the policy, with no cash value accumulation. The 7702B qualification matters for two reasons: it positions the product as creditable coverage under any future state payroll tax programs that specify a 7702B standard, and it opens the door to potential tax advantages for business

owners and HSA account holders, though the deductible premium separation has not yet been confirmed with Aflac directly. ACH billing is triggered once 25 or more distinct individuals are paying premiums, which helps smaller employer-funded groups access cleaner administrative processes. Full portability is included, allowing employees to maintain coverage after leaving an employer.

Guaranteed Issue Underwriting Tiers and Spouse GI

Initial GI tiers out of the box were \$50,000 for groups of 100 to 499 lives, \$100,000 for 500 to 999 lives, and \$150,000 for groups of 1,000 or more. Aflac has already begun improving those thresholds on a case-by-case basis, with 100 to 499 life groups now seeing \$100,000 in some early proposals. By comparison, The Standard currently offers \$150,000 GI for that mid-tier group size, which creates a competitive gap Aflac will need to close over time. Spouse GI is available at up to 50% of the employee GI amount, capped at \$50,000, a structure similar to how Chubb handles spouse simplified issue. Multi-year GI offers have been structured as three annual enrollment periods; in each subsequent period, employees may purchase up to 50% of what they elected in the first enrollment on a GI basis, meaning employees who declined the first offer receive no GI access in future periods under current interpretation. Strong first-year enrollment performance is the primary lever for securing continued GI extensions.

True Cash Indemnity: Full Informal Care Eligibility

One of Aflac's most distinctive features is its treatment of informal caregiving. The product offers full LTC benefits regardless of whether care is received in a professional facility, a home-based professional setting, or provided by an informal caregiver with no professional credentials. No minimum hours of professional care per month are required to trigger the benefit. By contrast, The Standard requires two hours of professional care monthly, and Trustmark's Life Plus Care product allows informal care only at half the acceleration rate. For clients whose most likely care scenario involves family or informal caregivers, this distinction can be a meaningful case-winning advantage, and it simplifies the claim story significantly during enrollment conversations.

Inflation Protection Structure and Benefit Design Constraints

Aflac offers inflation protection at a 4% simple rate, a deliberately capped and controlled approach that sits between no inflation protection and the uncapped compound riders seen in standalone traditional LTC products. The inflation rider functions as an additional benefit pool (up to an extra \$100,000 on a \$100,000 face amount), accruing at 2% annually when paired with the extension of benefits rider. A \$100,000 policy held for 25 years grows to a \$9,000 monthly benefit with roughly \$300,000 in total LTC pool when structured with extension and inflation. The critical constraint: restoration of benefits and inflation protection cannot be quoted together. Permissible combinations are extension plus restoration, extension plus inflation, or either benefit independently. The practical recommendation from BuddyIns is to lead with the 6% acceleration, extension of benefits, and inflation protection as the preferred plan design,

maximizing LTC-forward coverage with 3x total benefit leverage. Extension plus restoration remains a clean alternative for clients who prefer the traditional structure with a safety net, and both combos price competitively against carrier peers.

Pricing Competitiveness and Acceleration Options

Standard acceleration amounts are 4%, 6%, and 8% of the death benefit per month, with custom amounts potentially available for especially large or attractive groups. Sample pricing for a \$100,000 face amount with extension and inflation at 6% acceleration runs approximately \$150 per month at age 45, delivering a 6.6x LTC benefit leverage ratio. Pricing holds within roughly 10% of comparable Trustmark Life Plus Care and Standard Term Life plan designs at similar ages and benefit levels. A notable structural advantage for Aflac: the rate increase from one age band to the next is shallower than The Standard's steeper curve, making Aflac relatively more competitive for groups in the 50 to 70 age range, including executive carve-out cases. Younger groups and lower average-age enrollment pools may find The Standard or Trustmark more attractively priced. The product is explicitly positioned as LTC-forward: rather than 2x LTC with a restoration pool on top, Aflac provides 3x purely for long-term care use, which can be a stronger story in LTC-motivated groups.

Platform Rollout, Commissions, and Market Expansion Potential

Aflac is expected to be available in Quick Quote and Product Buddy within approximately one week of this session, beginning with general one-pager PDFs and initial plan designs, with more state-specific accuracy and additional plan design options to follow. Commissions are competitive with Trustmark, The Standard, and Chubb on comparable term products. State availability covers the majority of the U.S. at launch, with California, New York, Montana, Utah, Illinois (in filing), Virginia, North Carolina, Massachusetts, Vermont, Indiana, Hawaii, and Maryland currently unavailable; Texas has confirmed full product availability and Florida is still being verified. No bundling of other Aflac voluntary benefits products is required. Participation requirements are landing around 10%, consistent with carrier peers. On the market flexibility front, Aflac is in active dialogue with BuddyIns about association and non-employer group structures, as well as smaller employer-funded groups potentially down to 25 lives, though no formal precedent has been set for either yet.



Key Takeaways

Aflac's group LTC product is a credible and competitive new entrant, not a novelty. Its term-to-120 chassis, 7702B qualification, guaranteed premiums, and full portability put it structurally in line with the best-performing group LTC products in the market. The informal caregiving advantage is a genuine differentiator that will matter to employees in specific care scenarios and that simplifies the enrollment conversation for any specialist comfortable telling a straightforward benefit story.

The product's constraints are real and worth tracking: GI tiers for smaller groups lag The Standard at the moment, and the restriction on combining restoration with inflation protection creates plan design tradeoffs that require more deliberate quoting strategy than some carrier peers. For now, the extension-plus-inflation design at 6% acceleration is the recommended default, delivering three times the face amount in total LTC benefit with a compelling per-premium leverage ratio.

Pricing competitiveness in the 50-to-70 age bracket makes Aflac particularly attractive for executive carve-outs and older demographic groups. Specialists with active prospects who have not yet enrolled should treat the Aflac launch as a timely reason to re-engage, and any group quoting process going forward should include Aflac alongside The Standard, Trustmark, and Transamerica as a standard part of the competitive set.