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Let's Talk

CANCER INSURANCE



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Let's Talk

CANCER INSURANCE

Doing the sensible thing—it isn't always the most exciting concept. But, like eating your vegetables, supplemental health insurance often pays off in the long run. This booklet is one of a series designed to help you better understand personal financial topics. By the time you've finished reading *Let's Talk Cancer Insurance*, you'll know the basics of this supplemental health-care coverage.

If you'd like another copy of this booklet to share with family or friends, please visit our Web site, conseco.com. This booklet and other materials from the Conseco financial education series, *Let's Talk*, are available free of charge.

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What is cancer?

Cancer is a group of diseases characterized by uncontrolled growth and spread of abnormal cells. It can be caused by external factors such as chemicals, radiation and viruses as well as internal factors such as hormones, immune conditions and inherited mutations. Ten or more years often pass between exposures or mutations and detectable cancer.

Can cancer be prevented?

Some cancers are preventable. All cancers caused by tobacco use can be prevented. The American Cancer Society estimates that tobacco use will likely cause 171,000 cancer deaths in 2000. In addition, many of the 1.3 million skin cancers diagnosed in 2000 could have been prevented by protection from the sun's rays.

Regular screening examinations can result in the detection of cancers of the breast, colon, rectum, cervix, prostate, testis, oral cavity and skin at earlier stages when treatment is more likely to be successful.

How many new cases are expected this year?

About 2.5 million cases. The five-year relative survival rate for all cancers combined is 59%. If all Americans participated in regular screenings, the five-year survival rate for breast, colon, rectal, cervical, prostate, testicular, tongue, mouth and skin cancer would be 95%.

Who is at risk?

Anyone, although the occurrence of cancer increases as individuals age. Nearly 80% of all cancers are diagnosed in patients aged 55 and older. Smokers have a tenfold relative risk of developing lung cancer compared with non-smokers. Women who have a family history of breast cancer are twice as likely to develop breast cancer compared with women who do not have a family history.



How likely am I to become a cancer patient ?

Men

- Men have a one-in-two lifetime risk of developing cancer.
- Cancer is the second-leading cause of death in men.
- One of every six men will develop prostate cancer during his lifetime.

Women

- Women have a one-in-three lifetime risk of developing cancer.
- Cancer is the leading cause of death in women aged 40–79.
- One of every eight women will be diagnosed with breast cancer.

Overall

- More than 88 million Americans now living will get cancer in their lifetime.
- Cancer is the leading fatal disease in children under age 15.
- About 8 million Americans alive today have a history of cancer.
- Since 1990, about 12 million new cancer cases have been diagnosed.

Source: American Cancer Society, 2000

About one-third of cancer deaths that occur in the United States each year are due to poor eating habits. The introduction of healthful diet and exercise practices at any time from

childhood to old age can promote health and probably reduce cancer risk. Emphasize fruits, vegetables and grains, and limit the intake of high-fat foods such as red meats. Be physically active to achieve and maintain a healthy weight. Limit consumption of alcohol.

Tobacco use is responsible for nearly one in five deaths in the United States. Although the number of cardiovascular deaths is declining, smoking-related cancer deaths continue to rise. About half of all continuing smokers die prematurely from smoking. Of these, about half die in middle age. Quitting smoking substantially decreases the risk of lung, laryngeal, esophageal, oral, pancreatic, bladder and cervical cancers.

Secondhand smoke is a human carcinogen for which there is no safe level of exposure. Each year, about 3,000 nonsmoking adults die of lung cancer as a result of breathing secondhand smoke.

For most people, the risks from carcinogens in tobacco smoke, and from other factors including obesity and physical inactivity, have a larger effect on personal cancer risk than do pollutants in food, drinking water and air. However, substantial increases in risk have been demonstrated in occupational settings where workers have been exposed to high concentrations of certain chemicals, metals and radiation.

Comprehensive cancer centers

Located across the country, these medical centers can provide state-of-the-art, effective care to cancer patients. This network is also devoted to cancer prevention, screening, diagnosis and treatment through research.

Alabama

University of Alabama at Birmingham

Arizona

University of Arizona

California

City of Hope

Jonsson Comprehensive Cancer Center

University of California at Irvine

University of California at San Diego

University of Southern California

Colorado

University of Colorado Cancer Center

Connecticut

Yale University School of Medicine

District of Columbia

Georgetown University Medical Center

Florida

H. Lee Moffitt Cancer Center

Hawaii

University of Hawaii

Illinois

Northwestern University

University of Chicago

Maryland

Johns Hopkins Oncology Center

Massachusetts

Dana-Farber Cancer Institute

Michigan

University of Michigan

Minnesota

Mayo Clinic

New Hampshire

Research Center

Dartmouth-Hitchcock Medical Center

New Jersey

Robert Wood Johnson Medical School

New York

Albert Einstein College of Medicine

Columbia University

Kaplan Cancer Center

Roswell Park Cancer Institute

Memorial Sloan-Kettering Cancer Center

University of Rochester Cancer Center

North Carolina

Duke University Medical Center

UNC Lineberger Comprehensive Cancer Center

Ohio

Ohio State University

Oregon

Oregon Health Sciences University

Pennsylvania

Fox Chase Cancer Center

Thomas Jefferson University

University of Pennsylvania Cancer Center

University of Pittsburgh Cancer Institute

Tennessee

St. Jude Children's Research Hospital

Vanderbilt Cancer Center

Texas

San Antonio Cancer Institute

University of Texas

Utah

University of Utah

Vermont

University of Vermont

Virginia

University of Virginia, Health Sciences Center

Virginia Commonwealth University

Washington

Fred Hutchinson Cancer Research Center

Wisconsin

University of Wisconsin

The cost of cancer

Two basic costs are associated with cancer:

1) Medical expenses covered by standard medical insurance such as hospital bills and doctor bills; and 2) nonmedical expenses, unavoidable expenses caused by cancer that can come out of your own pocket.

Nonmedical costs include loss of income while you or your spouse are unable to work or are caring for a sick family member. Other costs include transportation, hotels, special diets and family care. In the meantime, living expenses such as mortgage payments, rent, food and utilities continue.

The National Institutes of Health estimate overall annual costs for cancer at \$107 billion; of that total \$37 billion is for direct medical costs, \$11 billion for lost productivity due to illness and \$59 billion for lost productivity due to premature death. Treatment of breast, lung and prostate cancers accounts for more than half of the direct medical costs.



What is supplemental insurance?

First, let's define basic hospital insurance and major medical coverage. Basic hospital and surgical expense plans generally provide 100% reimbursement of covered expenses, up to a maximum of \$100,000. Major medical plans, in contrast, apply a deductible to initial expenses, generally ranging from \$100 to \$500 per calendar year. After the deductible is met, major medical plans typically reimburse 80% of eligible expenses up to a relatively high maximum, such as \$1 million. Major medical plans typically cover a broad range of medical expenditures, including hospital, surgical, physician, private duty nursing, diagnostic X-ray and laboratory services; prescription drugs, artificial limbs and organs; ambulance services and more.

If you were to be diagnosed with cancer, you might incur additional out-of-pocket expenses that your hospital or major medical insurance does not cover. Supplemental insurance for these specific illnesses will help you pay expenses such as deductibles and copayments, costs that most medical insurance plans require you to pay.

Most cancer insurance will provide coverage for hospitalization, surgery, a private nurse, drugs, ambulance, blood and plasma, X-rays and laboratory, bone marrow transplant, radiation and chemotherapy, prosthetic devices and other health needs. It may also provide benefits if you are confined to a skilled nursing facility, an intensive care unit or a hospice.

In addition, many incidental expenses of an illness are not covered by traditional medical insurance. Examples of these expenses include transportation and lodging for travel to treatment facilities, food for special diets, and child care. You and your family may have to travel several hundred miles to receive certain cancer treatments. And lost income due to time away from work can make it difficult for you to meet daily living expenses to maintain your lifestyle.

Hospital and major medical insurance benefits are typically paid directly to the provider. In contrast, supplemental insurance benefits are paid directly to you.



Types of policies

Look for an insurance policy that pays benefits regardless of other coverage you have. It should be renewable for life, and premiums should not increase nor should cancer benefits be reduced due to your age or medical condition.



Tax advantages of an employer-sponsored plan

Cancer insurance is a form of health insurance that is typically covered by employer “cafeteria plans.” Under such a plan, money is set aside from your paycheck into a separate account. This money is not subject to federal income taxes, Social Security taxes or most state income taxes. Using the following example in which \$200 per month is deducted from your paycheck first, you would save \$648 annually in taxes.

Here’s how it works:

	Without	With
	-----Tax Break-----	
Gross pay (monthly)	\$1,800	\$1,800
Health insurance (including supplemental)	- 0	- 200
Adjusted gross pay	\$1,800	\$1,600
Taxes		
FICA	138	122
Federal income tax	160	130
State and local tax	+ 80	+ 72
After-tax pay	\$1,422	\$1,276
Supplemental insurance	- 200	- 0
Net pay	\$1,222	\$1,276
Annual increase in spendable pay		\$648

Myths about supplemental insurance

Myth 1: I don't need supplemental insurance because my regular health insurance will cover all my expenses.

Reality: Standard medical insurance typically has deductibles and coinsurance payments that can leave patients with thousands of dollars in bills to pay. In addition, standard medical insurance may not cover out-of-pocket expenses such as transportation to and from health-care facilities.

Myth 2: I don't smoke, and I've kept my weight down by exercise and eating right, so I'm not worried about cancer.

Reality: Family history is a major risk factor for cancer, regardless of how healthy someone appears. At age 55, New York City Mayor Rudolph Giuliani was in excellent physical condition but still was diagnosed with prostate cancer. His father died of the disease.



Myth 3: I don't need supplemental cancer insurance because I can use my savings to pay any expenses.

Reality: It is costly and challenging to self-fund the out-of-pocket costs associated with a major illness. A 40-year-old man or woman is typically preoccupied with saving for retirement and a child's college education and can't afford to divert those funds for this purpose.

Myth 4: I cannot afford to purchase supplemental cancer insurance.

Reality: Supplemental cancer insurance is more affordable than you think, depending on your age, medical history and the degree of coverage that you seek.



Testimonies of supplemental cancer insurance

1. Nancy Shimshack, a 39-year-old wife and mother of two, noticed that her employer was always changing health plans. When she inquired about this, she was told that the company was trying to keep the cost of health insurance down to a manageable level, because premiums were always rising.

The trouble was, every time the company changed plans, the coverage would also change. After a while, she wasn't absolutely sure what was covered in the event of a health emergency. So she made an appointment to see the company's human resource manager, who explained the policy to her. Because the new policy was more economical for the company, there were many gaps in coverage.

Nancy's husband was a self-employed artist who relied on his wife's health insurance for coverage. Because of her family's history of cancer, she was concerned about the very real possibility that she would develop the disease.

A friend of Nancy's referred her to a company that sells supplemental cancer insurance.

Because of her relative youth, she was able to get a policy with good benefits for a relatively low premium. Because her company continued to change health insurers, Nancy was feeling insecure. She felt better after she had secured at least some of her health insurance needs.

2. Stanley Siegel, 56, was a company man to the core. He started his career with Chemico Corp. after graduating with a chemical engineering degree from the University of Southern California. More than 30 years later, he was still with Chemico, having moved from California to Florida, and then to Raleigh, North Carolina. He and his wife raised three children, now aged 24, 27 and 30.

Stanley's job required him to travel constantly throughout the United States. The travel, the nights in hotel rooms and the big lunches took their toll. Stanley had gained 50 pounds since college, and the only exercise he got was walking from cars to airplanes. Even if he had the time for it, Stanley disliked exercise. The treadmill was gathering dust in the basement.

Stanley's wife, Betty, knew that he was at risk for cancer and other diseases of middle and older age. Stanley's father died from colon cancer in his early seventies. Betty was glad that she had urged Stanley to purchase a supplemental cancer policy several years before.

A few months ago, Stanley told Betty that he had had blood in his stool but had not said anything, hoping that it would go away. Unfortunately, a colonoscopy revealed that Stanley indeed had colon cancer and that surgery was indicated. Stanley was facing months of recovery, lost income and thousands of dollars of out-of-pocket costs. He needed to focus on getting well, not on financial worries. Betty's urging Stanley to buy a supplemental cancer policy would help.

3. Rochelle Walters, 41, was intrigued by her employer's new cafeteria benefits plan. It allowed employees to choose a benefit that was important to them, and they could have the cost deducted from their salary, thus reducing income taxes.



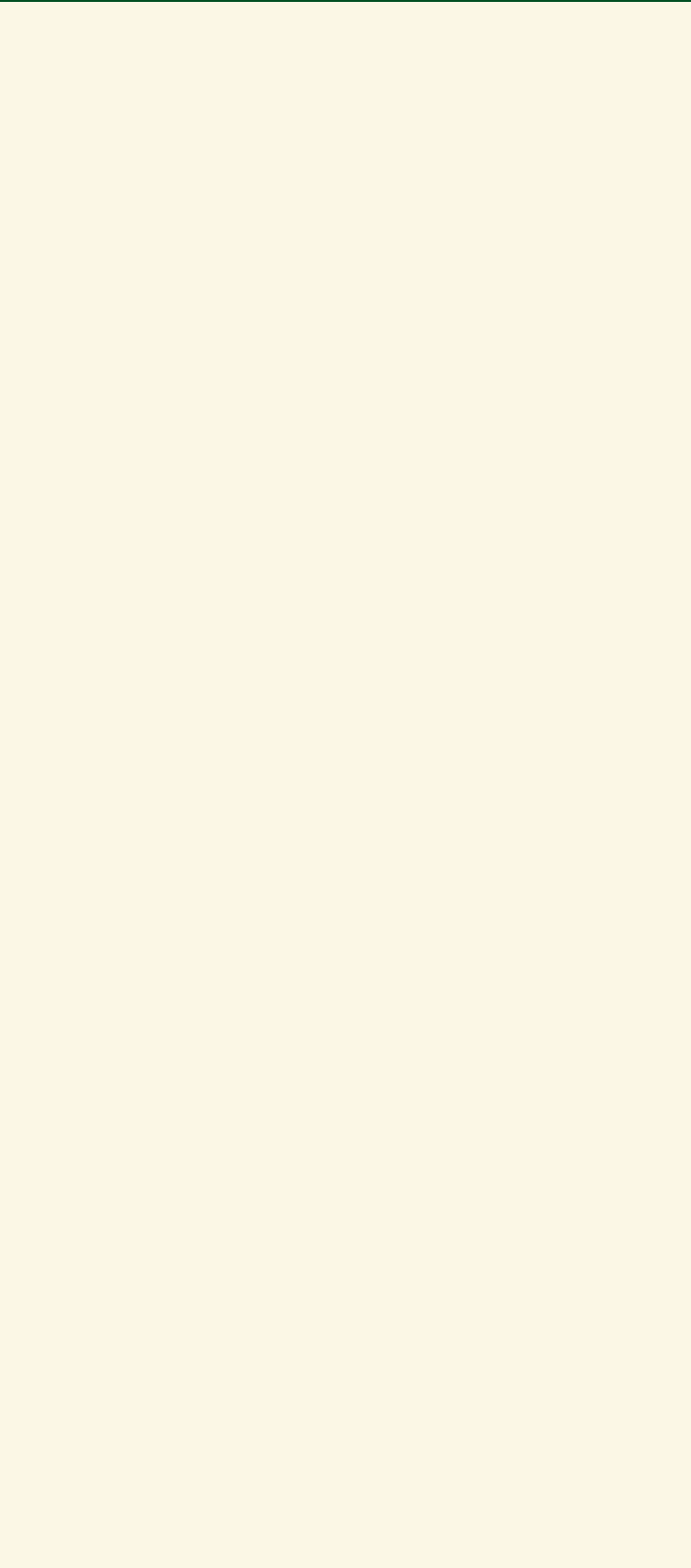
Because Rochelle had a family history of breast cancer, she was concerned about the possibility of being diagnosed with the disease. She had seen her mother fight breast cancer for several years before succumbing to it at age 59. Because Rochelle did not have a family, she knew that she would be all alone if illness struck.

Rochelle contacted the employee benefits department of her company and learned that she could indeed have the company buy a supplemental cancer policy with money that was set aside in the cafeteria plan. Because the company was buying the policy, the premium would be lower than if Rochelle tried to buy the policy herself. On top of that, she would be saving hundreds of dollars in taxes.

In the meantime, Rochelle is working with her doctor to minimize the likelihood that she will suffer the same fate as her mother. She is also trying to change her lifestyle by getting regular exercise and eating right. But if she still contracts cancer, at least her supplemental cancer policy will help pay the bills.



These examples are for illustrative purposes only. This hypothetical data does not reflect actual events, and your own results will vary.





The Statistics in this brochure represent the U.S. population, are presented for information only, and do not imply coverage under the policy nor endorsement of the company or the cancer policy for the American Cancer Society. These statistics are courtesy of the American Cancer Society, 2000, and is available at www.cancer.org.

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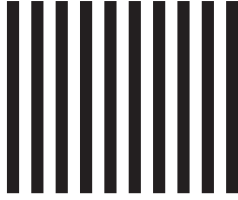


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Please mark the appropriate box: I'm planning ahead I'm catching up

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