

July 1, 2021

To: NRLN DuPont Retiree Chapter Members and Other DuPont Retiree Groups
From: Paul Kende (paul.kende@gmail.com)

Subject: Life Insurance

In my April 9, 2021 note, I reported on my discussions with Corteva senior management about various retiree benefit issues and concerns. By now, all retirees would have received Corteva's Personalized Statement on Retiree Health and Welfare Plans, issued late May, 2021, outlining our porting and conversion options, including premium rates for Securian Term and Whole Life Insurance.

Corteva has negotiated with Securian (our current carrier) to offer both Term and Whole Life Insurance policy options, which largely align with my recommendations, although I cannot claim that they would not have done the same, or something similar, in any case. My summary of our options include:

- Porting current Group Term Life Insurance to a new Group Term policy, or conversion to Individual Whole Life Insurance policy, fully administered by Securian
- Porting and conversion are available only until 1/31/22, extending availability from their normal 80, to age 100
- Coverage available is up to what we have now (with a maximum of \$1 million), but subject to reduction after age 65, to 65% of current level. Corteva tried to eliminate this reduction, but it is built into Securian's policies and they are unwilling to change it. But Corteva did negotiate a reduced minimum coverage requirement from Securian's normal \$20K level to \$2.5K
- No medical examination or questionnaire are required by Securian to provide evidence of insurability
- The Group Term Life Insurance premiums shown in Corteva's note are very high, especially at older ages, and many retirees are upset and even angry about it. Prior to 1992, Contributory Group Life Insurance (CGLI) cost employees and retirees a flat \$0.60/\$1,000 of coverage, with DuPont paying the balance for the actual premium. In 1992, DuPont switched to age-based rates and an un-subsidized payment model, for people electing supplementary insurance after the change – those with older CGLI policies were grandfathered at \$0.60/1,000. The age-based monthly rates increased periodically; in 2021 the premiums ranged from \$0.314/\$1,000 at age 50-54, to \$23.13/\$1,000 above age 95, as shown on page 11 of the current Summary of Plan Benefits. The new rates for ported term insurance in 2022, will be about twice the current rates. One factor driving the premiums higher, is the expectation that people in ill health would be more likely to exercise their option to port their current coverage. Those who still pay the grandfathered \$0.60/\$1,000, now have to consider paying 5 to 40 times more, depending on age, but recognize that this was a fraction of the actual premium paid by the Company on behalf of the retirees.

Since our current Contributory and Non-contributory Group Life Insurance (CGLI and NCGLI) plans will be terminated by Corteva at the end of this year, we will have to decide, by January 31, 2022, whether to port, or convert to the policies negotiated by Corteva with Securian, purchase insurance from another carrier, or drop life insurance completely. In this section, I provide three types of graphical cost comparisons which may be helpful to you in making your decision among various options:

- Graph 1a, 1b, 1c – Securian Term vs. Securian Whole Life
- Graph 2 & 3 – Securian vs. AARP/New York Life for Term Life Insurance
- Graph 4 – Securian vs. ASBA for Whole Life Insurance

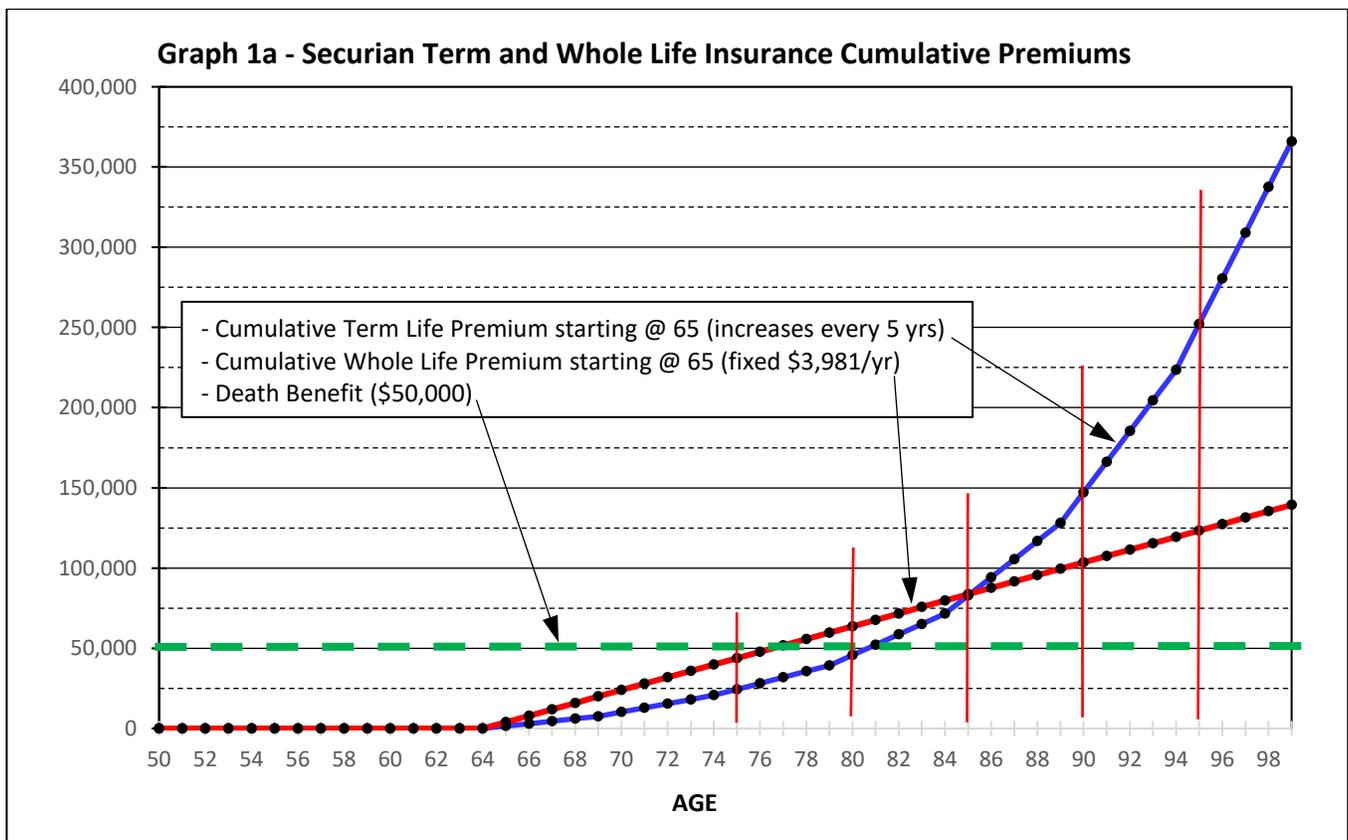
I hope that the graphs, along with my comments evaluating them, help you make the best personal decision for porting or conversion, considering your age, gender and health. However, nothing in this note should be taken as advice – I simply offer comparative information, clarification and analysis, to help retirees make their own personal decisions. Contact Securian, AARP and ASBA, to get advice and/or a personal quote.

A. Securian Term Insurance vs. Whole Life Insurance

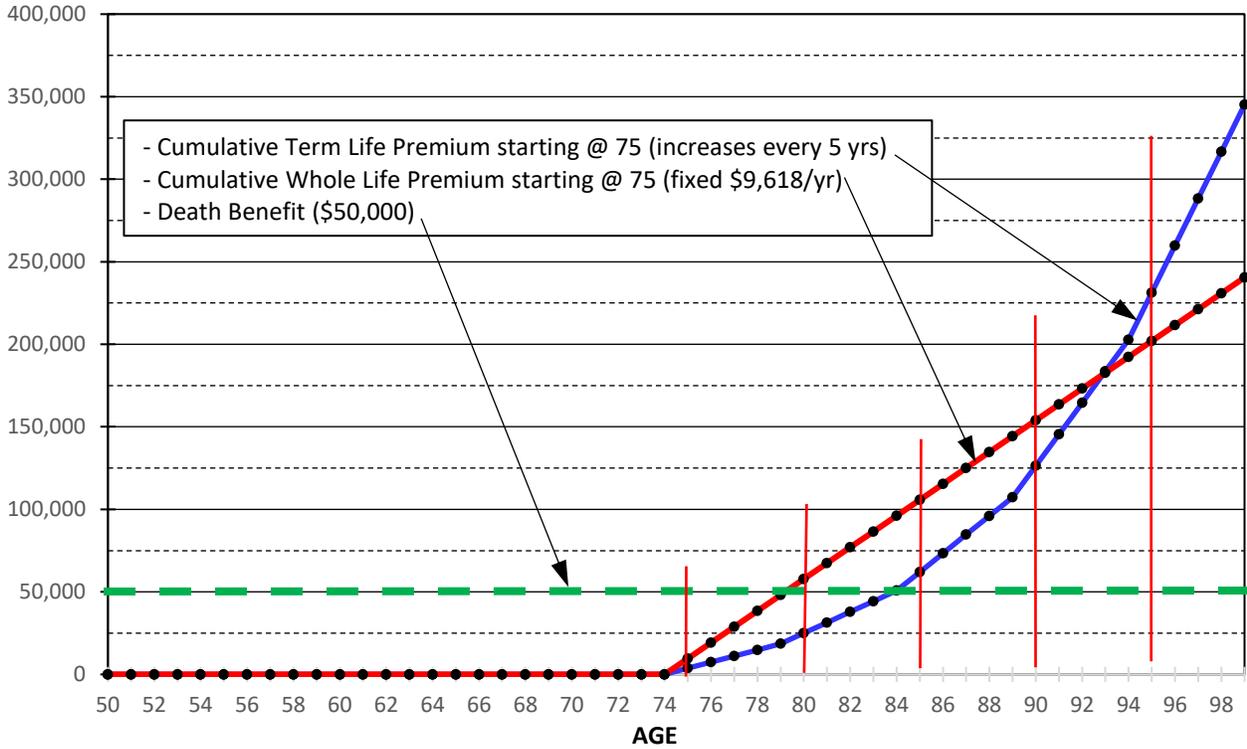
1. As shown in the premium tables provided by Cortevea's late May letter, at purchase time, Whole Life Insurance premiums are always higher than Term Life Insurance, for the same Death Benefit, regardless of age. But while Whole Life Insurance premiums remain fixed for life, Term Life Insurance premiums increase with age. For this reason, in the short run, Whole Life is more expensive than Term, but in the long run it may be cheaper. While this is conceptually clear, the best financial decision for each of us depends on our age and the span of time we expect to keep the insurance in force. Assuming you want to pay for life insurance at all, the question is whether Term or Whole Life Insurance is best for you?

I hope the set of graphs will be helpful to you in making your decision. Graphs 1a, 1b and 1c each show Securian's cumulative Term vs. Whole Life premiums, starting at age 65, 75 and 85 respectively; this is somewhat arbitrary, but I believe it covers the age-range of most retirees and helps compare the cumulative costs of different strategies. Use the graph closest to your age, at the end of this year, for the best approximation for your situation. In each case, I used a Death Benefit of \$50,000; however, since premiums are proportional to the Death Benefit, this does not influence the choice between Term and Whole Life. After your decision, you can simply scale the actual costs to the Death Benefit you want.

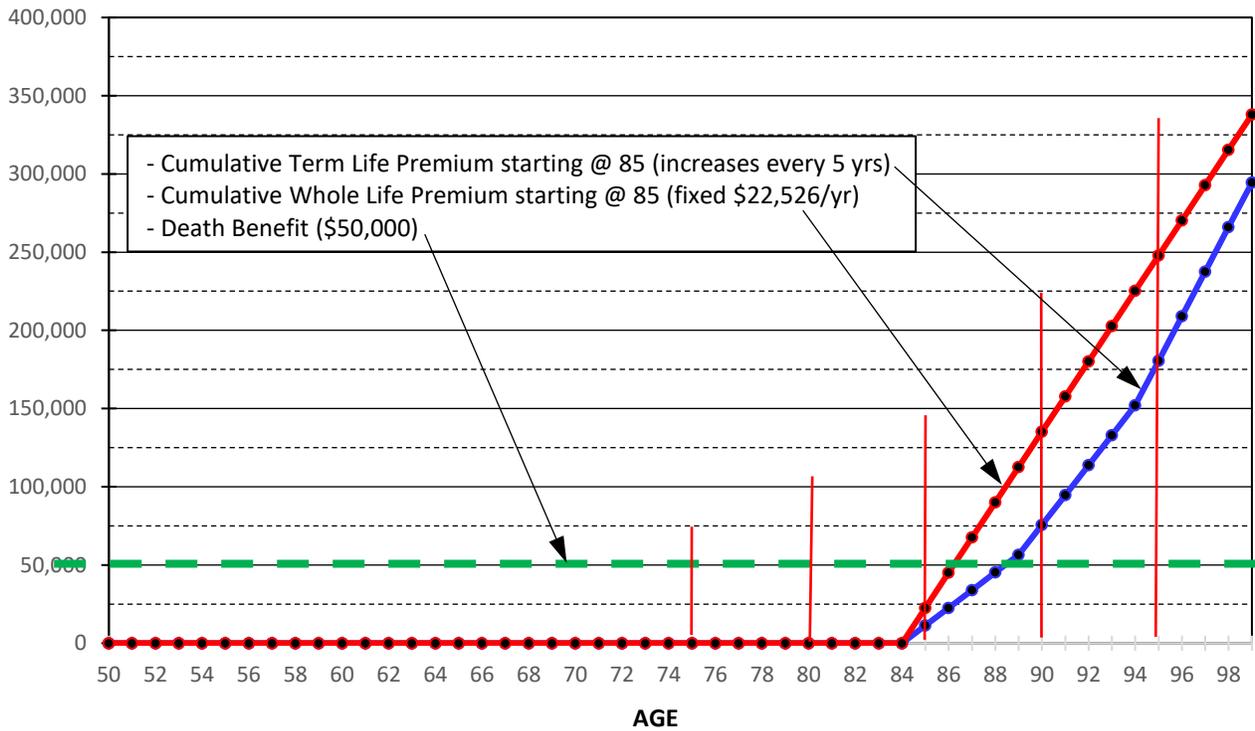
2. We can draw some general conclusions from the 3 graphs below:
 - a. Before the Term and the Whole Live insurance premium lines cross, total Term insurance will cost less than Whole Life; after crossing, Whole Life's cumulative cost is less expensive than Term's cost.
 - b. Life Insurance premiums are very expensive at older ages, but should be seen as a fee to guarantee a large payment, whenever death occurs. The fee is repeated each year to keep the guarantee going; Assuming a long enough life, the cumulative fees will always exceed the payout, and insurance will seem like a bad investment. But a short life span would make insurance look good. And we all have to decide whether to continue life insurance, based on a judgment about our own life expectancy



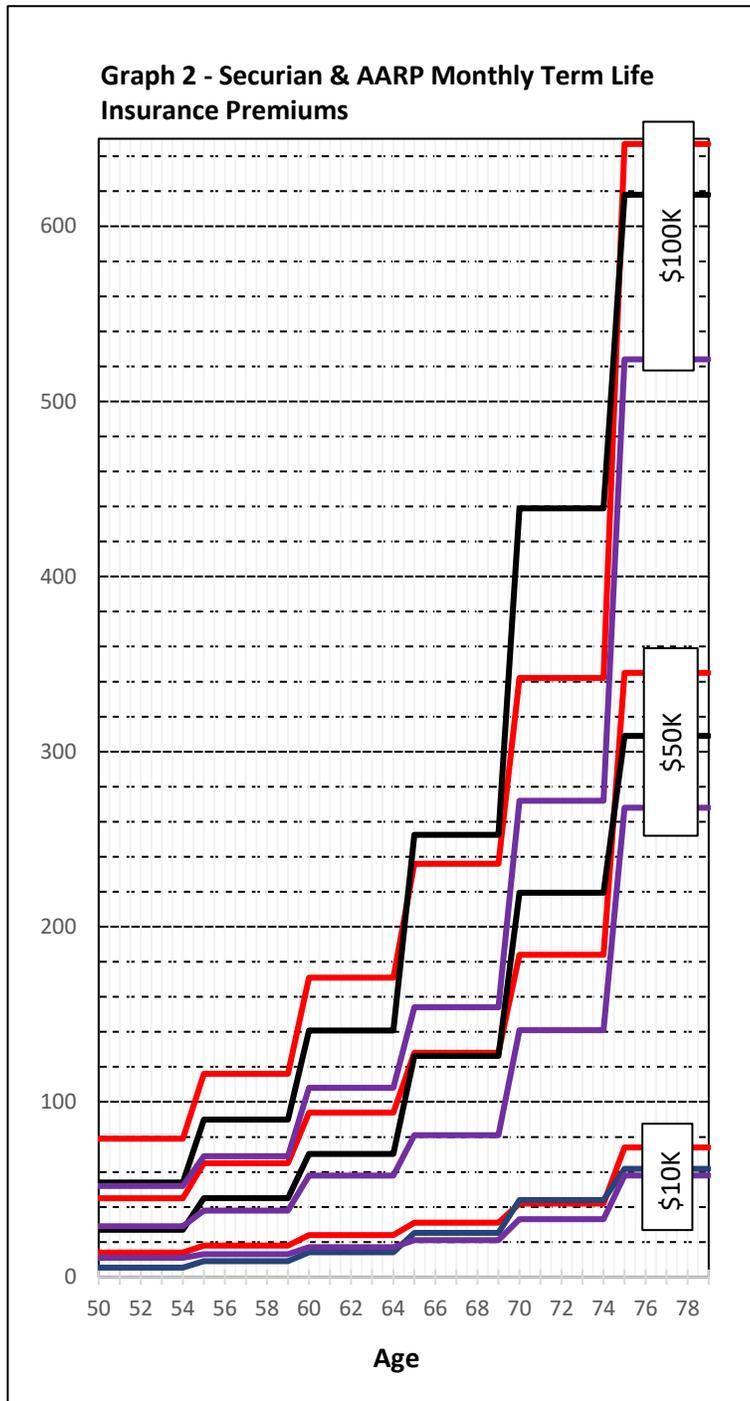
Graph 1b - Securian Term and Whole Life Insurance Cumulative Premiums



Graph 1c - Securian Term and Whole Life Insurance Cumulative Premiums



B. Porting To Term Life Insurance



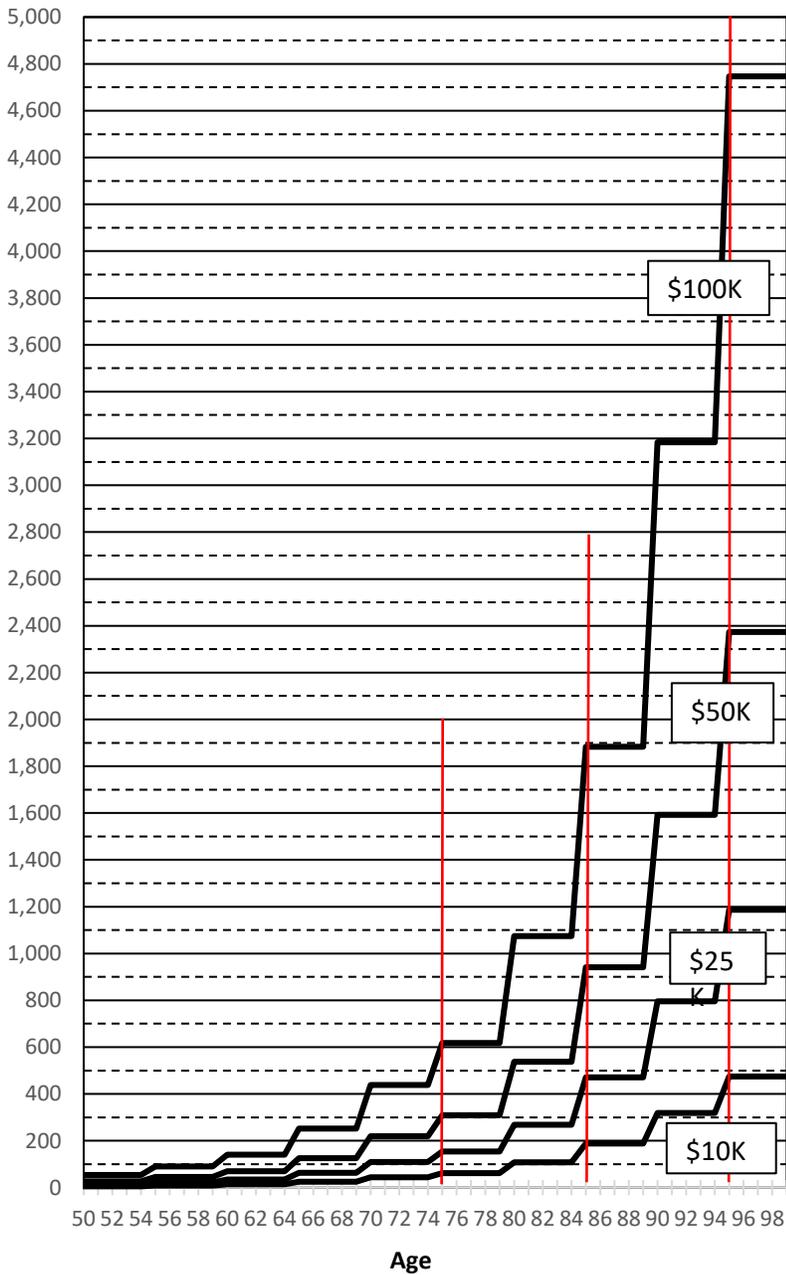
Premiums for \$10K, \$50K, \$100K Coverage

- Black: Securian
- Red: AARP/New York Life - Men
- Purple: AARP/New York Life - Women

Notes

1. AARP term insurance is not available after age 75, but if purchased earlier, it can run till age 80
2. Securian insurance is available until age 99 (see Graph 3 for premiums after age 80)
3. Coverage is available in any amount, for both Securian (but not exceeding current coverage) and AARP/NYL; 10K, 50K, 100K are examples for commonly selected coverages
4. Securian is less expensive at younger ages than AARP/men, but above age 65, Securian can be more or less expensive, depending on coverage elected. Also, while AARP's rates are lower for women, Securian has a combined, unisex rate structure, impacting their comparative pricing
5. Porting current insurance to Securian Group Term Life Insurance, in January, 2022, requires no proof of insurability (therefore, higher risk/higher rate); AARP/New York Life requires completion of medical history questionnaire, which may disqualify some people
6. Above age 65, maximum Securian coverage is reduced to 65% of current coverage

Graph 3 - Securian Monthly Term Life Insurance Premiums



Premiums for \$10K, \$25K, \$50K and \$100K Death Benefits

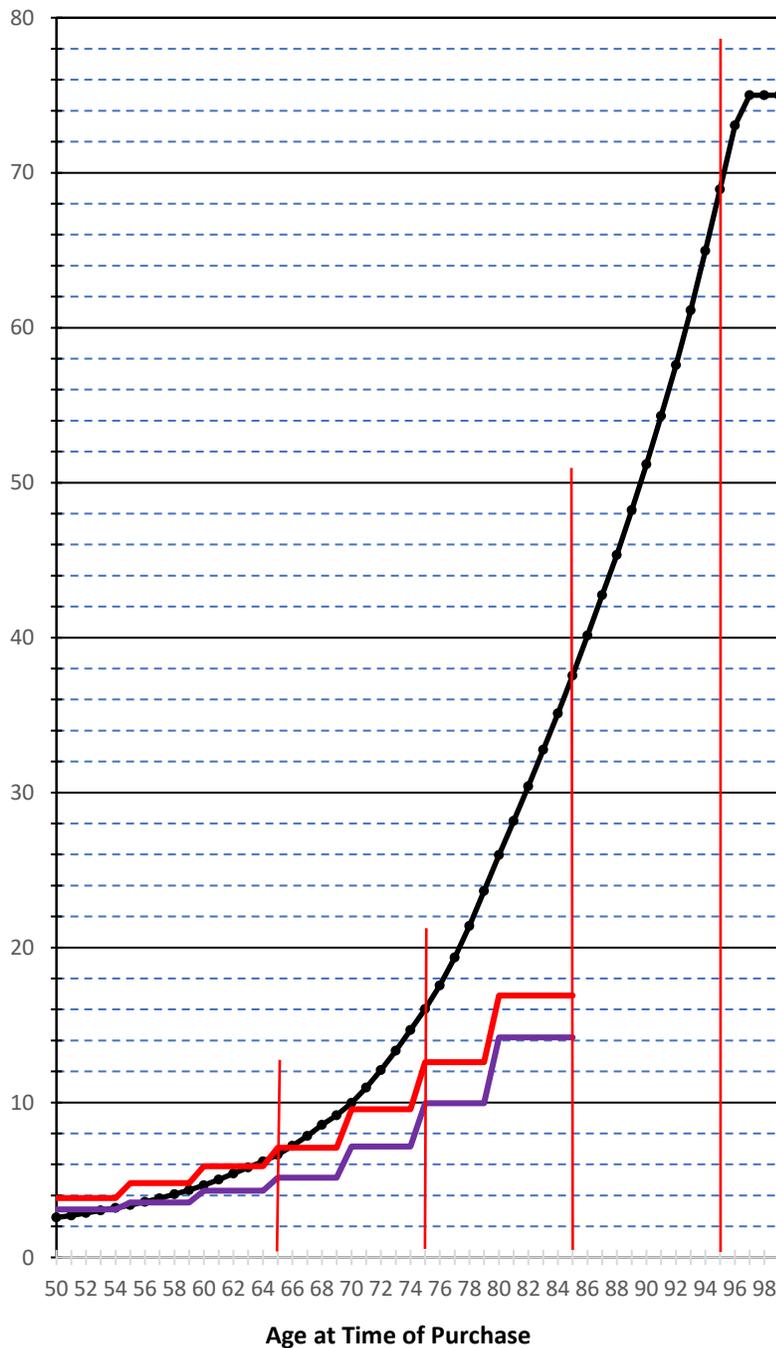
Available coverage: Porting is available in any amount, up to current coverage, to a maximum of \$1 million. After age 65, coverage is reduced to 65% of current coverage

Notes

1. For premium comparison with AARP, before age 80, see Graph 2
2. Retirees can port their Term Insurance until 1/31/22, at any age less than 100

C. Converting To Whole Life Insurance

Graph 4 - Securian and ASBA Whole Life Insurance Premiums/\$1,000 Coverage



Securian - Black

- Rates are same for Men & Women
- Available: age 50-99
- Max coverage: up to current value

ASBA – Men/Red; Women/Purple

- Available: age 50 – 85
- Max available coverage: \$25,000
- Note: premium shown is based on \$20,000 coverage; rates vary somewhat with coverage

Notes

1. All or part of our current Corteva Group Term Life Insurance can be converted to Securian’s Individual Whole Life Insurance policy. The amount of Cash Value generated by this policy, under various conditions, is not clear (to me) – consult Corteva Connection, or Securian for details.
2. Fixed premium is determined by age, at time of purchase
3. For monthly premium cost, multiply rate by desired Death Benefit Coverage
3. While Securian’s premiums are competitive with ASBA at younger ages, after age 70, Securian premiums become much more expensive. However, while ASBA coverage is available from 50 to 85, Securian is available from 50 – 99