



"A good plan today is better than a great plan tomorrow."

- George S. Patton



Long Term Insurance Update - Pending Premium Price Increases

The major LTC carriers are now bringing out new policies every 18-24 months. These companies are more aggressive and proactive in managing their potential loss exposures. There is a concern that less than 1% of policyholders actually lapse their policies – thus the insurance companies will have a higher than expected claims experience. Low interest rates are impacting investment results. Dementia claim experience is up – causing a greater and longer use of benefits.

The state insurance departments are putting increased pressure on the companies to adequately price the new policies. The regulators expect that higher new policy pricing will result in long term price stability. In short, the regulators do not want the companies to come back requesting price increases in the future.

Underwriting standards are being tightened, thus making it more difficult to gain preferred (lowest) premium rates. Some new applicants that have delayed applying are now finding that they are declined due to certain medical issues.

On new products, general premium increases are running at 10-15-20-30%, depending on the company, age and desired benefits. **Thus, if one is interested in purchasing a policy, it will pay to move ahead promptly before one is forced to purchase a new, more expensive product. People buying tomorrow will be subsidizing the people that bought yesterday.**



Dementia - Learn the Basics

Recently, a major LTC insurance company told me that roughly 44% of claim payments in the past 24 months were Mental/Brain Disorder caused. As the population ages the potential for dementia grows significantly. Alzheimer's Disease (AD) is the most common form of dementia. The National Institute of Aging reports that approximately 4.5 million Americans suffer from AD. Fifteen to twenty years ago AD was not that common. Generally, the population was dying before entering into the elder senior years (age 85+). With life expectancies dramatically increasing (see article link below), we are finding that it is common for relatives and friends to develop dementia.

Caring for most persons with AD is both physically and emotionally demanding. The rate of progression varies from person to person – AD progression is usually slow and steady. The AD Association reports that from the time of onset, the lifetime of a person with AD can range from 3-20 years. AD patients must pay additional for their specialized care in a facility.

Thus, on Long Term Care policies, lifetime benefits is a critical planning decision to protect against the potential cost of multiple years of care. For additional information about this important issue, please view my recent article (see below) about Dementia and Alzheimer's Disease.

- John B. Linvill Jr., CSA

Related J. Linvill Article Links:

Life Expectancy: http://www.jlinvill.com/docs/doc_lifeexpectancy.htm

Dementia & Alzheimer's: http://www.jlinvill.com/docs/doc_dementia.htm

Mission Statement:

To assist people in making sound, appropriate decisions about their Independence, Security and Dignity.

For those of you who have purchased a LTC policy: Audit Opportunity

Purchased a policy 5 years ago? It may make sense to review the benefits. I have found that many people change their focus and perspective as to the level of benefits desired. Is inflation protection appropriate? Is home care adequate? I can be a critical resource to help you evaluate your current contract. Many of my clients purchase a second LTC policy that will coordinate benefits with the initial policy.

Health Corner – Annual Eye Checkup

At a recent checkup, the eye doctor noticed an increase in "floaters" in my left eye. He suggested that I see a retina specialist. I had a small retina tear that if left alone would eventually lead to a serious retina problem. A quick procedure fixed the problem. The annual eye checkup is more than a potential eye glass correction!

Planning Tools:

Visit www.jlinvill.com for a complete tool kit for LTC planning: Articles, Style Quiz, The Process "Let's Walk Before We Run", key links and my companion site: www.jlinvillLTC.com.

Next Issue:

Understanding the basics of a LTC policy.



Happy Holidays!

John B. Linvill

For broader education about Long Term Care planning issues, please visit my *Articles & Newsletters Library* at: www.jlinvill.com.

For specific information about Long Term Care insurance, related terms, taxation and consumer information, please visit www.jlinvillLTC.com.