

## Why GoldenCare?

# WELCOME!

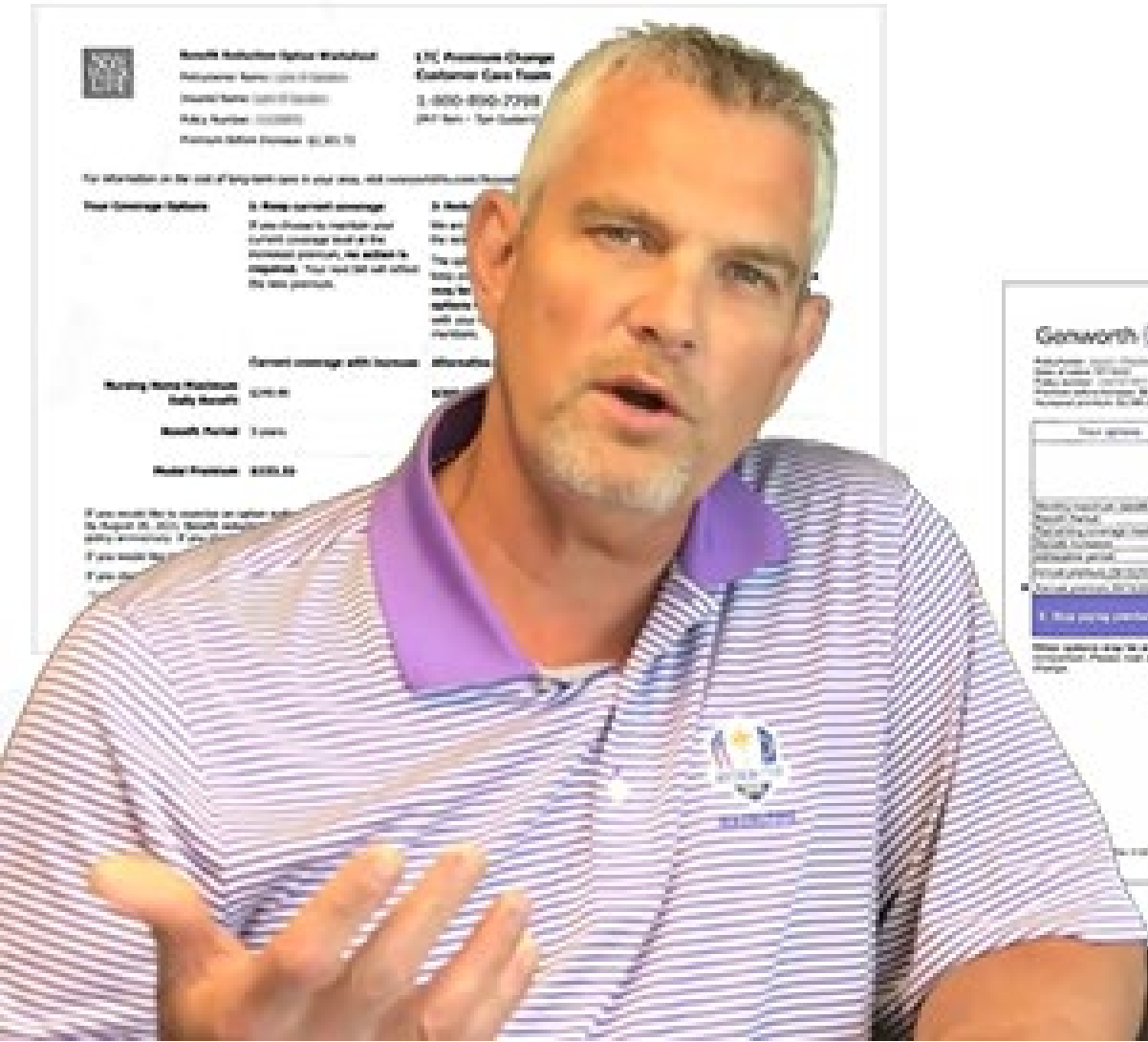
Thank you for joining us!

*For audio, use your computer's speakers,  
OR dial in using the number on your screen.*

- Perfect Portfolio of Products
- Superior, Personal Backend Support
- Product and Sales Training
- LTC CEO Selling Tools Software
- GoldenCare Rewards Program
- CSG Actuarial Comparison Tools
- StrateCision Comparison Tools
- Discounted E&O Coverage
- Exciting Promotions On Various Products
- CareOptions Health and Wellness Hub

***LTCi Rate Increases:  
How To Address Consumer Concerns***

# LTCi Rate Adjustments: How To Address Consumer Concerns



CURRENT MONTHLY PREMIUM	NEW MONTHLY PREMIUM	INCREASE AMOUNT	PERCENT INCREASE	STARTING DATE
\$1,000.00	\$1,100.00	\$100.00	10.00%	1/1/2020
\$1,100.00	\$1,210.00	\$110.00	10.00%	1/1/2021
\$1,210.00	\$1,331.00	\$121.00	10.00%	1/1/2022

!@^&=\$

#\$%@!



# The NEED for Long-Term Care insurance has NEVER been higher.

**Over the past couple years, Nursing Homes have received negative publicity surrounding COVID-19, quality of care and the rejection of Medicaid recipients (vs private pay).**

With the economic stress, inflation and widespread staffing shortages, public option continues to be extremely negative.

**Consumers are TERRIFIED they'll end up in a Nursing Home. They are waiting for you to offer LTCi as a solution to help KEEP THEM OUT of public care facilities.**

# Long-Term Care Insurance Rate Increases

## *WHAT HAPPENED?*

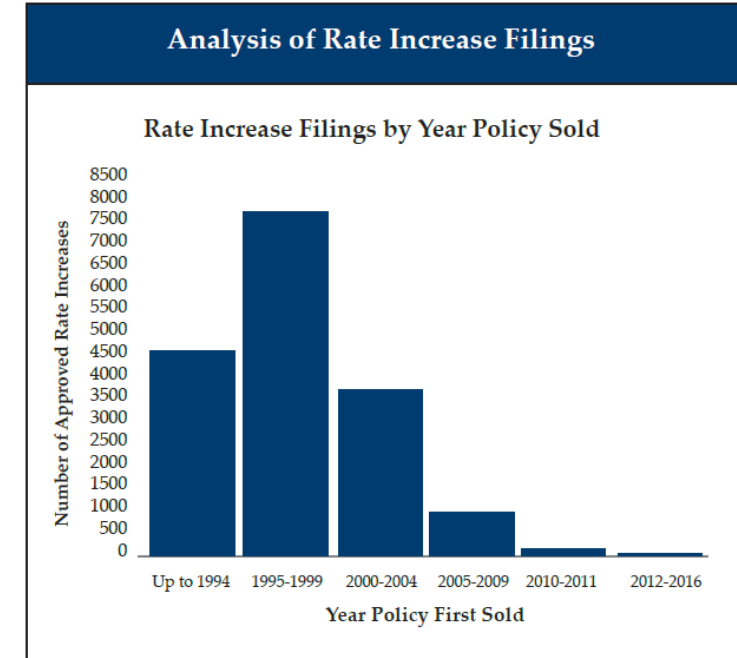
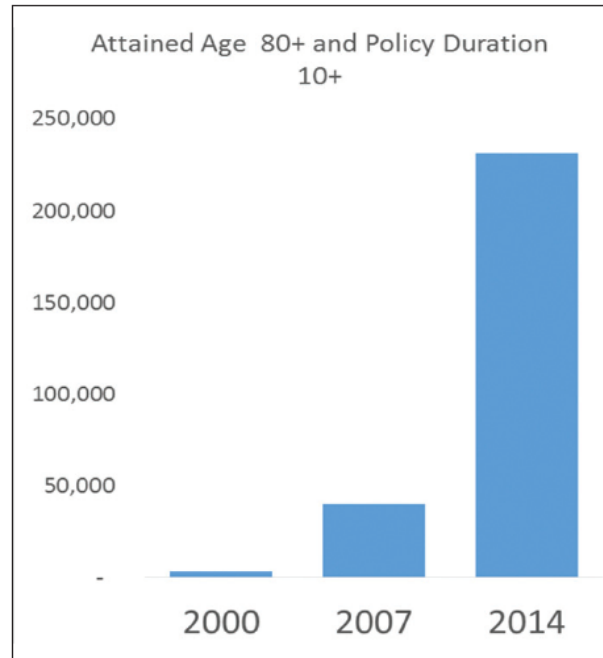
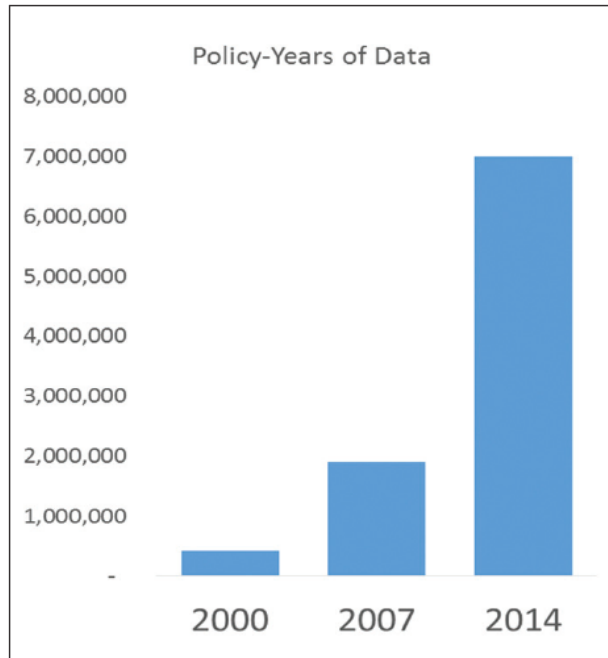
**Actuaries attempting to correctly price LTCi missed the mark BADLY.**

- Policies, there was no Historical claims data to go on
- Persistency was expected to be 94% (Lapse Rates 6%)
- Long-term interest rates were higher than today.
- Higher premiums on newer policy generations won't fix the problem
- The longer a carrier waits to file a rate increase, the higher the increase
- Insurance companies need to provide “proof of expected loss” on any given block when they file for a rate increase and the state has to approve it.  
(mentioning this to the clients can help them understand why the increases)

# Let's Discuss Traditional LTCi Rate Stability

- FACT – modern LTCi policies are much more price stable than any prior product generation
- SOA's pricing study shows that the underlying actuarial pricing assumptions has been "derisked"
  - Lapse Rates – Now set at <1%
  - Investment Returns – Now set at lowest ever
  - Claim Rates – more conservative than ever, with an additional margin for error required by law
  - Increased Data – 16x more policy data & 70x more claims data compared to 15 years ago
  - Regulatory Requirements (consumer value, company penalties, margins for error, actuary certifications)

# Today's Policies Are Very Rate Stable...



Issue Year	Chances of a Rate Increase	Average Projected Increase
2000	40%	34%
2007	30%	18%
2014	10%	10%

# LTCi Rate Stability Today & Going Forward

## **Likelihood of Future Rate Increases:**

The SOA pricing study forecasted the chance of a rate increase for each generation of product pricing. The study concluded that for the latest generation product pricing there is less than a 10 percent chance that LTCI products issued today will ever need a rate increase. Furthermore, if a rate increase were to occur, the average amount of the increase is likely to be only 10 percent.

“

# Pricing of Today's LTCi Policies Going Forward

**Broker World Magazine article, “Reflecting On Rates – Examining The Outlook Of Today’s LTCi Pricing”**

*March 1, 2016*

“

Carriers now price products based on significantly more conservative assumptions. Premiums on products sold today are double what they were on the same benefits from just a few years ago. At the same time, the product is still affordable since consumers have opted for shorter benefit periods and lower inflation increases as evidenced by the average premium per sale remaining essentially the same. Many insurers offering products in the retirement markets who are overlooking the favorable conditions for LTCi today are missing out on a prime opportunity.

“



# The Rate Stabilization Act

The **Rate Stabilization Act** mandated that companies price their policies more conservatively using current data from policyholders.

It also dictated that companies could only apply for rate increases if they provided satisfactory proof it was needed in order to continue paying claims.

And finally, the Rate Stabilization Act stipulated that no in-force policy should be affected so that premiums were **raised above that of current policies offered.**

## Today's Buyers...

- Are buying policies priced on solid claims experience
- Better certified actuaries are using conservative interest rates
- Companies face monetary penalties for getting it wrong

**In a nutshell...**  
**Today's pricing offers policyholders  
much more rate stability!**

# Addressing Client Concerns.....

## *Get your client to step back from the ledge*

- So your client calls you upset and wants to cancel because of the large LTCi rate increase they were just notified about.....now what?
- First and foremost, you need to remind your client of just how **SMART** a planning decision they made to purchase LTCi years ago when the prices were much lower compared to today's policies
- You have to explain to them just how good of a deal they got
- Let me show you what I mean....



## A Simple Analogy

Its like your client bought a lifetime supply of gas for \$1.00 per gallon.

Then they got a rate increase of 50% and are now paying **\$1.50** per gallon.

Meanwhile, people buying gas today are all paying **\$4.50** per gallon.

**They wish they could get the deal that you are receiving.**

## Rate Increases.....3 Examples

### Company A

*Policy Purchased in 2007*

Age at purchase 62 female

Existing Premium: **\$1,857.07**

**New 2022 Premium: \$2,635.87**

### Company B

*Policy Purchased in 2013*

Age at purchase 56 male

Existing Premium: **\$3,037.07**

**New 2022 Premium: \$3,948.19**

### Company C

*Policy Purchased in 2013*

Age at purchase 53 female

Existing Premium: **\$2,228.99**

**New 2023 Premium: \$3,098.28**

**LET'S TAKE A CLOSER LOOK**



## A Closer Look: Company A

*Policy Purchased in **2007** Single Female, Age 62, 3% Inflation, 90-day elim*

Existing Premium: \$1,857.07 (\$167 monthly)

Original Monthly Benefit: \$4000

Original Maximum Benefit: \$200,000

New increased Premium: **\$2,635.87 (\$237/month)**

Current Monthly Benefit: \$6,232

Current Maximum Benefit: \$311,592

## New LTCi plan with “**Today’s**” pricing

New policy with original starting benefits at original age:

Annual premium = **\$5,710 (\$513/month)**

New policy matching current benefits at original age:

Annual premium = **\$8,868 (\$798/month)**

New policy matching current benefits at **current** age:

Annual premium = **\$18,876 (\$1,698/month)**

## A Closer Look: Company B

*Policy Purchased in **2013** Single Male, Age 56, 3% Inflation, 90-day elim, HHC waiver*

Existing Premium: \$3,037.07 (\$273 monthly)

Original Monthly Benefit: \$5000

Original Maximum Benefit: \$300,000

New increased Premium: **\$3,948.19 (\$355/month)**

Current Monthly Benefit: \$6,721

Current Maximum Benefit: \$403,112

## New LTCi plan with “Today’s” pricing

New policy with original starting benefits at original age:

Annual premium = **\$3,580 (\$322/month)**

New policy matching current benefits at original age:

Annual premium = **\$4,805 (\$432/month)**

New policy matching current benefits at **current** age:

Annual premium = **\$6,848 (\$616/month)**

## A Closer Look: Company C

*Policy Purchased in **2013** Married Female, Age 53, 3% Inflation, 90-day elim, HHC waiver*

Existing Premium: \$2,229 (\$200 monthly)

Original Monthly Benefit: \$4,500

Original Maximum Benefit: \$225,000

New increased Premium: **\$3,098 (\$278/month)**

Current Monthly Benefit: \$6,408

Current Maximum Benefit: \$302,382

## New LTCi plan with “Today’s” pricing

New policy with original starting benefits at original age:

Annual premium = **\$5,010 (\$450/month)**

New policy matching current benefits at original age:

Annual premium = **\$6,892 (\$620/month)**

New policy matching current benefits at **current** age:

Annual premium = **\$9,916 (\$892/month)**





## A Simple Analogy

Its like your client bought a lifetime supply of gas for \$1.00 per gallon.

Then they got a rate increase of 50% and are now paying \$1.50 per gallon.

Meanwhile, people buying gas today are paying \$4.50 per gallon.

They wish they could get the deal that you are receiving.

## If Budget Makes Benefit Changes Necessary....

A fixed budget, may sometimes force a client to make benefit changes to keep their coverage affordable. There are usually a variety surrounding 3 main options for doing this:

- A) Lower Policy Limit**
- B) Remove Inflation Rider**
- C) Lower Monthly Benefit**

# How Much Care Will You Need?

- **Women need care longer** (3.7 years) than men (2.2 years)
- **One-third of today's 65 year-olds** may never need long-term care support, but 20 percent will need it for longer than 5 years

The table below shows that, overall, more people use long-term care services at home (and for longer) than in facilities.

Distribution and duration of long-term care services		
Type of care	Average number of years people use this type of care	Percent of people who use this type of care (%)
<i>Any Services</i>	3 years	69
At Home		
<i>Unpaid care only</i>	1 year	59
<i>Paid care</i>	Less than 1 year	42
<i>Any care at home</i>	2 years	65
In Facilities		
<i>Nursing facilities</i>	1 year	35
<i>Assisted living</i>	Less than 1 year	13
<i>Any care in facilities</i>	1 year	37

# If Budget Makes Benefit Changes Necessary....

A fixed budget, may sometimes force a client to make benefit changes to keep their coverage affordable. There are usually 3 options for doing this:

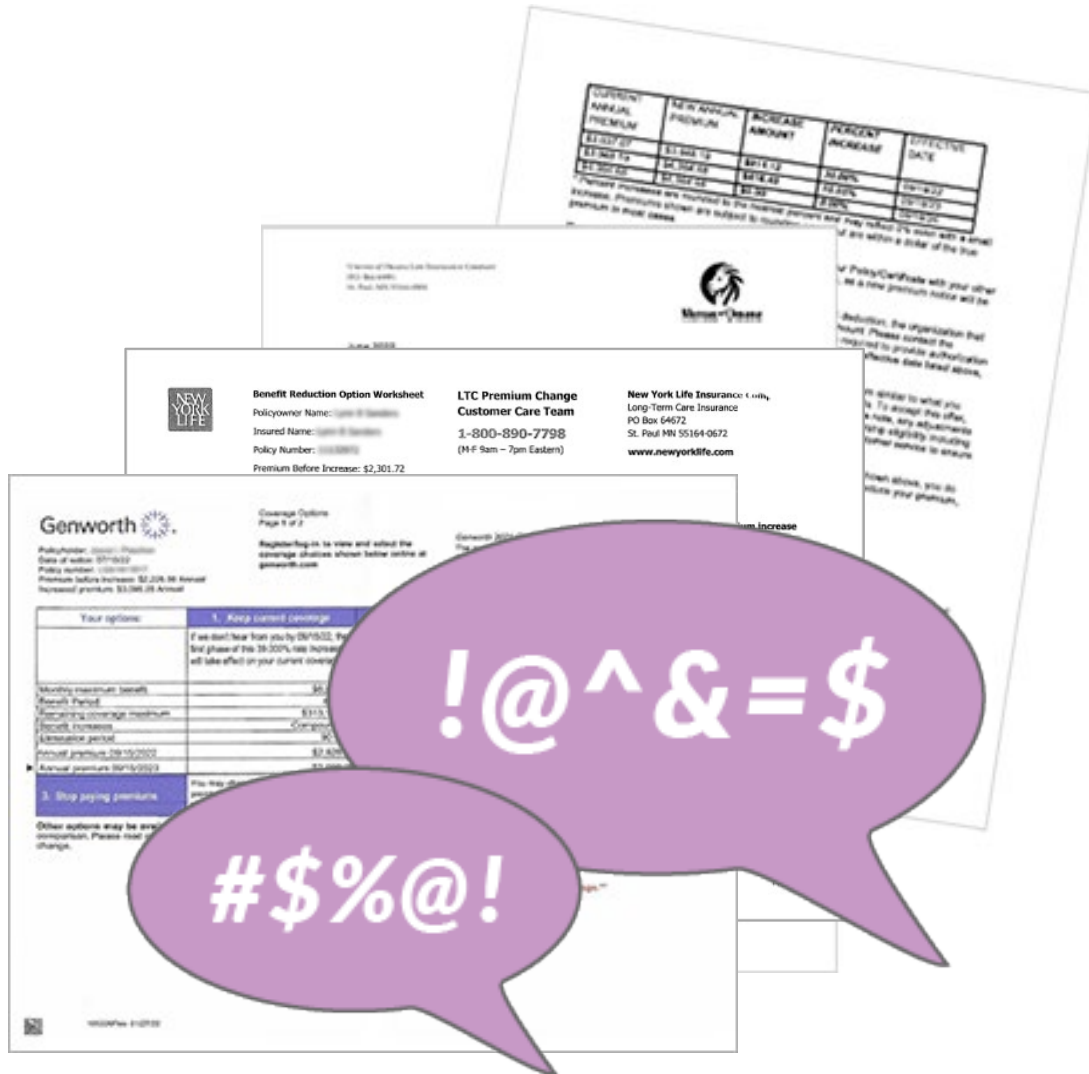
**A) Lower Policy Limit** (least painful option)

**B) Remove Inflation Rider** \*(important, find out if inflated benefits are frozen or you lose all your growth)

**C) Lower Monthly Benefit** (not advised)

# THANK YOU FOR ATTENDING!

## *Questions?* 800-842-7799



## Why GoldenCare?

*Thank you for  
joining us today!*

*For attending, we will send the CE Voucher, copy  
of these presentation slides, and more!*

*Watch your inbox for our email!*

- Perfect Portfolio of Products
- Superior, Personal Backend Support
- Product and Sales Training
- LTC CEO Selling Tools Software
- GoldenCare Rewards Program
- CSG Actuarial Comparison Tools
- StrateCision Comparison Tools
- Discounted E&O Coverage
- Exciting Promotions On Various Products
- CareOptions Health and Wellness Hub

***LTCi Rate Increases:  
How To Address Consumer Concerns***