

# Buyers of new LTCl policies face little risk of future rate increase, new study claims

By Insurance Forums Staff - September 24, 2018



Individuals who purchase a new long-term care insurance policy face little if any chance of a future rate increase according to a study of pricing experts released Sept. 17 by the American Association for Long-Term Care Insurance (AALTCI).

“Policies priced years ago using different assumptions have seen rate increases so consumers today assume they face the same risk,”

says Jesse Slome, director of AALTCI. “That’s simply not the case.”

The Los Angeles-based national organization just released results of a poll of actuaries across the long-term care insurance industry.

“Most actuaries responding see little or no the risk of needing future rate increases on recently priced policies,” Slome says. Some 79% percent of the responding actuaries expressed the risk was 10% or less. Another 12.5% predicted the likelihood of a future rate increase at 20%, while 4.2% predicted the likelihood at 30-40% and another 4.2% at 50% or more.

Older long-term care insurance policies priced 10 or 20 years ago used different pricing assumptions and generally had specific policy provisions that necessitated the need for increases. There have been many, and they are still happening for these older blocks of policies.

Genworth, the largest LTCl carrier by number of policyholders covered, recently received approvals for 22 state filings in the second quarter of 2018 to raise costs an average of 58% on some in-force LTCl policies as part of its “long-term-care insurance rate action plan.” Genworth had already raised costs an average of 28% in 2017, and by 28% in 2016. MassMutual requested premium hikes of about 77% earlier this year, affecting roughly three-quarters of its LTCl policyholders.

“Back in the 1990s, long-term care insurance was a new form of protection and there just wasn’t the data available,” Slome says. “With several decades of experience and millions of policies sold and hundreds of thousands of claimants, policies priced today can more accurately project important aspects.

“I believe the risk of a future rate increase is zero,” Slome says. “Rising interest rates and the new regulations mean someone purchasing a new long-term care insurance policy in 2018 and 2019 faces little if any chance of a future rate increase.”

“Older policies with provisions like unlimited policy benefits or compounded annual benefit increases of 5% may face rate increases, Slome says, “but even these are never take-it or leave-it propositions. Insurers always offer options that enable the policyholder to avoid the increase.”

For the study, the [American Association for Long-Term Care Insurance](#) polled nearly 80 LTC industry actuaries. The professionals who price insurance policies were asked their assessment for policies now being sold that were priced within the past two years.