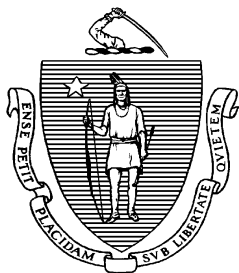


2015 REPORT OF LONG-TERM CARE INSURANCE IN MASSACHUSETTS:

RESULTS OF A 2013 EXAMINATION



DANIEL R. JUDSON
COMMISSIONER OF INSURANCE

Acknowledgement

The enclosed report was prepared by the Health Care Access Bureau staff of the Massachusetts Division of Insurance (“Division”). Kevin P. Beagan, Deputy Commissioner, Health Care Access Bureau of the Division, Niels Puetthoff, Research Analyst, Health Care Access Bureau of the Division, and Fred Dooe, Intern in the Health Care Access Bureau of the Division provided analysis and preparation of this report. The report is based on responses certified by insurance company officers reflecting the experience of the company in the long-term care insurance (“LTCI”) market. The Division reviewed the reasonableness of the information supplied but has not audited or otherwise verified that the responses are accurate.

Background information was obtained from the Division’s information guide “Your Options for Financing Long-Term Care: A Massachusetts Guide.”

TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	6
	A. Report Material	
	B. Summary of Massachusetts Covered Lives	
II.	OVERVIEW	8
III.	PERSONS COVERED BY LTCI	9
	A. Massachusetts	
	B. National	
IV.	COVERAGE IN INDIVIDUAL PLANS	10
	A. Average Age of Individual LTCI Policyholders	
	B. Lifetime Maximum Benefit Periods	
	C. Level of Nursing Home Coverage	
	D. Level of Home Health Care Coverage	
	E. Inflation Protection Benefits	
	F. Status as a Federally Tax-Qualified Plan	
	G. Status as a Plan Qualifying for Certain MassHealth Exemptions	
	H. Premiums	
V.	COVERAGE IN GROUP PLANS: THROUGH EMPLOYMENT OR ASSOCIATIONS	14
	A. Age of Insureds in Group Plans	
	B. Lifetime Maximum Benefit Periods	
	C. Level of Nursing Home Coverage	
	D. Level of Home Health Care Coverage	
	E. Inflation Protection Benefits	
	F. Status as a Federally Tax-Qualified Plan	
	G. Status as a Plan Qualifying for Certain MassHealth Exemptions	
	H. Average Premiums in a Group Plan	
VI.	MARKETING PRACTICES	18
	A. Time in Market	
	B. States Where Marketed	
	C. Methods of Marketing Products	
	D. Commission Levels	
	E. Use of Suitability Standards	
	F. Providing Consumer Disclosures	
	G. Switching or Upgrading Policies	
	H. Offering Accelerated Death Benefits with Life Insurance Products	
VII.	LAPSE (TERMINATION OR SURRENDER) RATES	22
	A. Lapse Rates During the Three Years After Buying a Plan	
	B. Lapse Rates Due to Mortality	
	C. Designating Third Party for Non-Payment Notice of Lapse (Required Offer in Massachusetts)	
VIII.	CONCLUSION	24
IX.	SURVEY NOTES	25

APPENDIX A – HISTORY OF MASSACHUSETTS’ LTCI SURVEY

APPENDIX B – PART A OF THE SURVEY ISSUED ON NOVEMBER 7, 2013

APPENDIX C – PART B OF THE SURVEY ISSUED ON NOVEMBER 7, 2013

APPENDIX D - LIST OF COMPANIES RESPONDING TO THE SURVEY

APPENDIX E - NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
LTCI MODEL REGULATION

APPENDIX F – TABLES AND STATISTICAL METHODOLOGY USED IN THE TABLES

APPENDIX G - GLOSSARY OF COMMON LONG-TERM CARE TERMINOLOGY

[PAGE INTENTIONALLY LEFT BLANK]