

XI. LONG-TERM CARE INSURANCE PRICING

A. Type of Premium Payments

National⁷⁹

In the group market, the number of responding carriers report their policies offer the following restrictions on rate changes:

Type	Respondents	
	1996	2001
Permanent Level Premium	0	0
Temporary Level Premium	8	4
Other	2	2
No Restrictions	4	2

In the individual market, the number of responding carriers report their policies offer the following restrictions on rate changes:

Type	Respondents	
	1996	2001
Permanent Level Premium	1	2
Temporary Level Premium	2	5
Flex bands	1	0
Other	6	1
No Restrictions	4	18

⁷⁹ One group carrier that completed the survey no longer markets its group products and does not appear in statistical data after calendar year 1999.

Massachusetts^{80, 81}

In the group market, the number of responding carriers report their policies offer the following restrictions on rate changes:

Type	Respondents	
	1996	2001
Permanent Level Premium	0	0
Temporary Level Premium	6	4
Other	3	1
No Restrictions	3	3

In the individual market, the number of responding carriers report their policies offer the following restrictions on rate changes:

Type	Respondents	
	1996	2001
Permanent Level Premium	0	2
Temporary Level Premium	2	4
Other	6	1
No Restrictions	5	19

More commonly used terms appearing in life insurance rating processes:

Permanent level premium - Commonly used term appearing in life insurance rating processes for ordinary life insurance; guarantees that the premium will remain the same throughout the life of the policy.

Temporary level premium – Commonly used term appearing in life insurance rating processes for term insurance; guarantees that the premium will remain the same for only a certain period of time.

Flex Bands - A reference to age-banding in life insurance rating processes; guarantees that the premium remains the same for the duration within a particular age grouping (e.g. age - 55-60). The resultant premium for a policyholder between the ages of 55-60 would remain the same until age 61 where upon the insured enters a higher age band and premium.

⁸⁰ Two carriers are active only in the group market in Massachusetts.

⁸¹ One group carrier that completed the survey no longer markets its group products and does not appear in statistical data after calendar year 1999.

B. Premiums

National^{82, 83}

The average premium paid in 1997 for a policy purchased in 1997 was:

- **\$436.17** in the group market; and
- **\$1,500.89** in the individual market.

The average premium paid in 1999 for a policy purchased in 1999 was:

- **\$444.51** in the group market; and
- **\$1,569.22** in the individual market.

The average premium paid in 2001 for a policy purchased in 2001 was:

- **\$514.71** in the group market; and
- **\$1,812.71** in the individual market.

Massachusetts^{84, 85}

The average premium paid in 1997, for a policy purchased in 1997 was:

- **\$955.78** in the group market; and
- **\$1,607.52** in the individual market.

The average premium paid in 1999 for a policy purchased in 1999 was:

- **\$538.33** in the group market; and
- **\$1,882.42** in the individual market.

The average premium paid in 2001 for a policy purchased in 2001 was:

- **\$554.50** in the group market; and
- **\$2,087.08** in the individual market.

⁸² One group carrier that completed the survey no longer markets its group products and does not appear in statistical data after calendar year 1999.

⁸³ The average 1997, 1999 and 2001 premiums may differ from average 1996 premiums due to many factors including, but not limited to: (1) benefits covered under the plans, (2) changes in levels of coverage chosen and (3) the average age at which a policy is purchased.

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⁸⁵ The average 1997, 1999 and 2001 premiums may differ from average 1996 premiums due to many factors including, but not limited to: (1) benefits covered under the plans, (2) changes in levels of coverage chosen and (3) the average age at which a policy is purchased.

C. States Where Marketed⁸⁶

The number of responding carriers that market group long-term care insurance on a national basis are as follows:

1996

- Five are active in all 50 states;
- Six are active in 40 - 49 states;
- Two reported that they no longer market the product; and
- One provided insufficient information.

(In addition, four respondents claim to be actively marketing in the District of Columbia.)

2001

- Six are active in all 50 states; and
- Two are active in 40 - 49 states.

The number of responding carriers that market individual long-term care insurance on a national basis are as follows:

1996

- Six are active in all 50 states;
- Eleven are active in 40 - 49 states;
- One reports that it no longer markets the product; and
- One provided insufficient information.

(In addition, some respondents report marketing actively in the District of Columbia, Puerto Rico, Guam, US and British Virgin Islands, Columbia, and the Bahamas.)

2001

- Eleven are active in all 50 states;
- Twelve are active in 40 - 49 states;
- One is active in 26 states;
- One is active in only one state; and
- One reported that they no longer market the product.

(In addition, one respondent claims to be actively marketing in the District of Columbia.)

D. Single Premium

The term “single premium” is defined as a one-time lump sum payment to be covered for the specified terms in an insurance contract, without paying any additional premiums.

Only three respondents reported that they market individual long-term care insurance policies that are single premium. The respondents reported that single premium policies represent less than 3% of all their individual long-term care insurance policies.

⁸⁶ One group carrier that completed the survey no longer markets its group products and does not appear in statistical data after calendar year 1999.