

New Study Examines Long-Term Care Insurance Claims

- Largest Claims Reach \$1 Million Mark -**
- One In 10 Claims Begins Before Age 70 -**
- Women Represent Nearly Two-Thirds Of Claimants -**

Los Angeles, CA - June 8, 2009 - The largest open long-term care insurance claim has surpassed \$1.2 million in paid benefits, according to a just-released report from the American Association for Long-Term Care Insurance (www.AALTCI.org). The claimant, a woman, purchased coverage at age 43, paying an annual premium of \$1,800. Three years later her claim began and has continued for almost 12 years.

[Note: Payment of policy premiums ceases when an individual is receiving policy benefits.]

"As a result of increased longevity and medical advances, the need for long-term care is a new phenomenon for a generation of Americans," said Jesse Slome, Executive Director of the industry trade group. "The pervasive concern about purchasing long-term care insurance is will I ever use it?"

According to Association data 180,000 Americans received benefits from their long-term care insurance policy and some \$8.5 billion in claims was paid in 2008. "This is a significant increase in benefits paid compared to the prior year," Slome explains. "Long-term care insurance is not the lottery. This is not something you really want to win; but having protection in place can certainly pay off and for thousands of people it increasingly is."

The organization collected data on claims including the largest open claims (still being paid as of December 31, 2008) paid by six of the nation's leading insurers. The second largest claim is by a woman who purchased her long-term care insurance policy at age 72, paying an annual premium of \$12,766. Three years later her claim began and has continued for almost nine years (\$1.02 million in benefits has already been paid for her nursing home care).

The largest claim being paid to a man exceeds \$690,000. The individual purchased long-term care insurance protection through his employer at age 54, paying an annual premium of \$2,560. The coverage was designed to pay benefits for five years. Two years later his claim began and has continued for almost seven years.

Nearly one in 10 (8.9%) of new individual claims initiated during 2008 prior to age 70 the study revealed. "While most long-term care insurance claims begin at older ages, typically in ones late 70s or 80s, accidents and illnesses are a common reason younger people need this care," Slome notes. The Association's study revealed that 30.5% of claims start between ages 70 and 79; some 60.6% after age 80. "Almost two-thirds of claimants receiving benefits (65%) are women," Slome reports, "and the largest percentage of benefit payments (42.0%) are for care in ones own home versus a nursing home (30.5%)."

—The five most common reasons for a long-term care insurance claim, according to the Association, are Alzheimer's Disease, stroke, arthritis, circulatory issues or injury. "One in eight persons age 65 and over has Alzheimer's," Slome says. "The number of new cases is expected to increase to 450,000 a year by 2010 and to 615,000 new cases a year by 2030. It's time for individuals to start planning for care should they need it in the future." The study shows that planning can certainly pay off.

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Largest "Open" Long-Term Care Insurance Claims As Of December 31, 2008

Data from leading national long-term care insurance providers. Provided to the American Association for Long-Term Care Insurance.

COMPANY A: Largest open claim: \$1.2 million

The individual (a woman) purchased long-term care insurance at age 43, paying an annual premium of \$1,800. Three years later her claim began and has continued for almost 12 years (\$1.2 million in benefits already paid).

COMPANY B: Largest open claim: \$1.02 million

The individual (a woman) purchased long-term care insurance at age 72 paying an annual premium of \$12,766. Three years later her claim began and has continued for almost 9 years (\$1.02 million is benefits already paid) for her nursing home care.

COMPANY C: Largest open claim: \$990,000

The individual (a woman) purchased long-term care insurance at age 57 (in 1992), paying an annual premium of \$1,215. That same year she had an accident and has been on claim ever since (almost 15.7 years). Total paid (as of 12/31/2008) \$989,730 ... proving "you just never know."

COMPANY D: Largest open claim: \$690,000

The individual (a man) purchased long-term care insurance through his employer at age 54, paying an annual premium of \$2,560 (coverage was designed to pay benefits for 5 years). Two (2) years later his claim began and has continued for almost 7 years.

COMPANY E: Largest open claim: \$573,000

The individual (a man) purchased long-term care insurance at age 52, paying an annual premium of \$2,260. Eight and a half years later his claim began and has continued for almost 7 years (6.9).

COMPANY F: Largest open claim: \$499,700

The individual (a woman) purchased long-term care insurance with a lifetime (unlimited) benefit at age 65, paying an annual premium of \$2,730. Two (2) years later her claim began and has continued for almost 16 years (benefits as of 12/31/08: \$499,700).

Pertinent Facts: Long-Term Care Insurance Claims

from the American Association for Long-Term Care Insurance (2009 Sourcebook)

180,000 Americans paid claim benefits in 2008

Claimant Age For New Claims (2008, individual LTC insurance)

Under Age	0.4%
Age 50 - 59	1.5%
Age 60 - 69	7.0%
Age 70 - 79	30.5%
Age 80+	60.6%

Claimant Sex (2008, individual LTC insurance)

Female	65%	Male	35%
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Percentage of Claims Paid For: (2008, individual LTC insurance)

Home Care	42.0%	Assisted Living	27.5%	Nursing Home	30.5%
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Top Causes Of Long-Term Care Insurance Claim

<u>Nursing Home</u>	<u>Home Care</u>
Alzheimer's (27%)	Alzheimer's (17%)
Stroke (15%)	Cancer (15%)
Circulatory (10%)	Arthritis (15%)
Injury (10%)	Stroke (11%)
Arthritis (8%)	Injury (11%)
Cancer (7%)	Circulatory (8%)