



## **COLBURN GROUP**

### **Home Care Equals One-Third of All Long-Term Care Claims Paid in 2006**

A recent American Association for Long-Term Care Insurance study revealed that total long-term care insurance claims rose to \$33 billion for 2006.<sup>1</sup> This figure represents the highest amount of benefit payments to Americans for a one-year period ever.

Of the total, 34 percent of the insurance benefit payments made by eight of the nation's largest insurers covered home care expenses. Additionally, 30 percent of benefits paid were for assisted living costs and the remainder, 36 percent, was allocated toward nursing home care. The largest single claim paid to date was more than \$875,000. In fact, the largest claims paid by leading insurers ranged from well over \$350,000 to one approaching \$900,000.

The data also revealed that approximately eight million Americans now own long-term care insurance obtained individually or through their employer. The researchers concluded that the increasing amount of benefits paid to policyholders is proof of the growing need for long-term care insurance.

To encourage more consumers to buy long-term care insurance, The National Association of Insurance Commissioners has developed the following consumer guidelines to help you select the right policy:

- The policy should cover at least one year of nursing home or home health care, including intermediate and custodial care. Nursing home or home health care benefits should not be limited primarily to skilled care.
- The policy should also provide coverage for Alzheimer's disease if the policyholder develops it after purchasing the policy.
- Inflation protection is critically important. The policy should offer a choice between:
  - Automatically increasing the initial benefit level on an annual basis
  - A guaranteed right to increase benefit levels periodically without providing evidence of insurability
- Your insurer should offer you a coverage summary that describes the policy's benefits, limitations, and exclusions, and also allows you to compare it with others. They should also provide a long-term care insurance shopper's guide that helps you decide whether long-term care insurance is appropriate for you.
- There should be a guarantee that the policy cannot be canceled, non-renewed, or otherwise terminated because you get older or suffer deterioration in physical or

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mental health.

- The insurer should permit you to return the policy within 30 days of purchasing to receive a full premium refund.
- No requirements should exist that policyholders:
  - First be hospitalized in order to receive nursing home benefits or home health care benefits.
  - First receive skilled nursing home care before receiving intermediate or custodial nursing home care
  - First receive nursing home care before receiving benefits for home health care

<sup>1</sup> 2007 LTCi Sourcebook published by the American Association for Long-Term Care Insurance