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Consumer alert: Long-term care insurance rates on the rise, talk to your financial adviser about what is right for you

Salem – As long-term care insurance rates continue to rise, the Oregon Insurance Division is urging consumers to carefully examine their options and how this type of insurance fits into their overall financial strategy.

“Consumers facing rate increases may have options to reduce their premiums,” said Insurance Commissioner Laura Cali. “For consumers thinking of buying this type of insurance, it’s important to consider whether it complements their long-term financial goals.”

In recent months, the Insurance Division has approved long-term care rate increases affecting more than 29,000 Oregonians, and several other rate increases are pending. The division has reduced the increases during the review process – companies originally requested an average 45 percent increase, but the division approved an average 26 percent increase.

“While these increases are still significant for consumers, they are much lower than what was originally requested,” Cali said. “By reducing the rate increases, we hope to give policyholders the ability to maintain their coverage or to adjust their benefits so that they can still afford it and be able to access benefits should they need long-term care.”

Long-term care insurance covers people who are chronically ill in a variety of settings – at home, in assisted living, or in a nursing home, for example. Typically, people begin paying premium before they need benefits. They become eligible for benefits if they can no longer perform certain daily activities such as eating, dressing, or bathing or if they have a mental impairment such as dementia.

Long-term care is a relatively new type of insurance and insurers nationwide have been raising rates over the past several years. That’s due to the fact that policyholders kept their policies longer than expected and are living longer than projected, using more benefits. In addition, low interest rate returns are not keeping pace with increases in the costs of long-term care services.

Consumers will receive letters from their insurance companies at least 45 days before an increase takes effect. The Insurance Division has also asked companies to notify policyholders of their intentions for future rate increases.

In many cases, consumers facing rate increases can reduce their premium by reducing the benefits covered by their policy. For example, they could reduce their inflation protection, which means their policy would cover a smaller percentage of the costs of care in the future. Other options for reducing benefits range from reducing the daily benefit amount to shortening the benefit period.

Deciding how to pay for long-term care services should be part of your overall retirement planning, Cali said. As part of National Retirement Planning Week (April 7-11), the National Retirement Planning Coalition has collected the latest resources to help consumers and financial professionals focus on long-term financial goals, available at www.retireonyourterms.org.

A summary of the recent long-term care rate increases in Oregon is below. For a complete list of all the policies affected – as well as pending requests – click [here](#). For general information about long-term care insurance, click [here](#) or call the Insurance Division consumer advocates at 1-888-877-4894.

Long-term Care Rate Increases

Company name	Average rate increase requested	Average rate increase approved	Number of policyholders affected
Ability Insurance Company/Medico Insurance Company	61%	31%	2,665
AF&L Insurance Company	99%	30%	20
Allianz Life Insurance Company of North America	25%	25%	1,141
American General Life Insurance Company of Delaware	25%	15%	130
American Republic Insurance Company	31%	31%	89
CMFG Life Insurance Company	50%	15%	126
Continental Casualty Company	80%	30%	2,503
Equitable Life & Casualty Insurance Company	43%	29%	3,340
Genworth Life Insurance Company	60%	21%	5,525
Jackson National Life Insurance Company	20%	15%	6
MedAmerica Insurance Company/Regence BlueCross BlueShield of Oregon	22%	16%	726
Metropolitan Life Insurance Company (to be phased in over 2 years)	58%	44%	2,867
Monumental/Transamerica Life Insurance Company	17%	17%	1,836
Mutual/United of Omaha Insurance Company	14%	14%	387
New York Life Insurance Company	18%	18%	1,214
Physicians Mutual Insurance Company	19%	19%	150
Provident Life and Accident Insurance Company	30%	15%	471
Prudential Insurance Company of America	44%	15%	372
Pyramid Life Insurance Company	50%	25%	105
RiverSource Life Insurance Company	16%	14%	1,864
Senior Health Insurance Company of Pennsylvania	20%	9%	380
State Farm Mutual Automobile Insurance Company	32%	32%	3,931
State Life Insurance Company	35%	25%	29
Total number of policyholders			29,877

The Insurance Division is part of the Department of Consumer and Business Services, Oregon’s largest business regulatory and consumer protection agency. Visit www.dcbs.oregon.gov.