



SOCIETY OF ACTUARIES

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# Now What?

by David R. Benz



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It is a great privilege to write to you as the new chairperson for the Long-Term Care Insurance Section. I have spent the great majority of my 21-year actuarial career working on various aspects of long-term care insurance. I, like many others, have been through the early years of tentative baby steps as companies moved from Medicare-based triggers in nursing home-only plans to activity of daily living triggers, pot of money maximums, and coverage expansion to a wide array of services. Everything was new and the prospects were exciting.

The mid to late 1990s brought tremendous growth in the industry as the public and government became more aware of the risk and more accepting of our solutions. Carriers entered the market and it seemed many years of solid growth were demographically ordained. However, the new century brought the gloom of adolescence. Tighter regulation (e.g., rate stabilization), declining interest rates, and a realization that policy termination rates were going to be much lower than anticipated led to higher premiums and began a decade-long sales decline. Carriers and agents exited the market in spurts. Rate increases raised the ire of consumer advocates, policyholders and regulators.

The industry now stands like a recent college graduate, certainly wiser for past experiences but also unsure of how best to use this new knowledge. Millions of Americans (and more around the globe) face significant long-term care risks, but do we know how to help a meaningful share of them? The question for the LTCI industry as it moves forward is simple, “Now what?”

That is just one of the questions I have for all our section members. Now what? Are we content to let the private LTCI market continue at the status quo or do we have better ways to address the risks? Do we have the passion necessary to identify the items that need to change—regulation, design, pricing, marketing—and the energy to pursue the changes? Are we satisfied to leave the solutions to the national and state governments knowing that they face huge financial deficits and often the political courage to do anything radical? Do we have the patience to pursue change and see it through to fruition?

Your Section Council believes the risks facing an aging world population are too great for us to ignore now. We believe there are things we can do better and ways we can better promote the good we already do. A number of initiatives have been started to address these issues and we invite you to be part of the process and solution. Look for updates in future newsletters, on our LinkedIn group board, and through e-mail. Actively seek to get involved to move this industry forward and feel free to contact me or any of the LTC Insurance Section Council members with feedback or ideas.

I look forward to a tremendous 2011! ■