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What It's Like To Be New To LTC

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Honestly, it was scary at first. I didn't particularly want to be in the Long-Term Care (LTC) business, and if it weren't for the office location—Austin—and my desire to be near family, I would not have pursued it. I'm not an actuary, but I have been in insurance since graduating from college. My 14 years of experience in the industry spans individual life, annuity, and group disability businesses. Prior to joining LTC, I had thought the choice to be in the business was, quite frankly, misguided. This opinion was based on simple understanding of macro trends, notably the increased cost of care, improved mortality rate, and rise of chronic cognitive diseases like Alzheimer's. This belief was further reinforced by frequent news stories about reserve strengthening, rate increases, and the choice to exit the business. Nonetheless, the draw of my family and Austin was strong enough to compel me to look at the business more closely.

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As I was considering the move to LTC, the first thing that jumped out at me were the people. They had passion for their work, but they also had battle scars that basic questions about the business quickly revealed. I was struck by the patience with which they took the time to educate me about the nuances of the issues plaguing LTC. For example, from the outside looking in, I never imagined that lapse assumptions could be a cause for mispricing in the business. From there, the conversation pivoted to advances in product design that better mitigate risk and address the concerns I had about the business. I must admit that my concerns were not fully alleviated, but I was encouraged by the passion of the people in the business.

It took a year in LTC and an appreciation of the problem to understand why people in the industry have such passion for their work. The problem LTC addresses is not simply a

business problem, but a societal one. A record percentage of the American population—the baby boomer generation—is expected to retire over the next decade, and 70 percent of them are expected to need some type of long-term care service. While one-third may never require long-term care service, 20 percent will need it for more than five years. Sure, the government will play a role in providing care, but a significantly larger burden is projected to be assumed by the family. This includes loss of income, which extends the problem well beyond those who need care or will need care. You are all well aware of these stats, and the problems the LTC industry has had in addressing the issues, so I need not say more. I now understand the sheer size of the problem, and see that the social call to address it is the driving force for many of you to be in the business. It is humbling and an honor to be part of such a group.

While in LTC, I have also come to realize that while many of the challenges facing the business are specific to it, some are not. The insurance business is complicated as a whole, and LTC is no exception. Relative to other insurance businesses, this one has not fully matured yet and is still learning from its early years. But this does not necessarily make the business more complicated than its older counterparts in the industry. There are certainly problems unique to LTC, such as locked-in assumptions for GAAP reporting. But others, like how we communicate to regulators and outsiders, are not specific to us. Perhaps, in this regard, the battle scars resurface and as a result, the industry is perceived as passive. If the industry participants let their passion drive them, they would take the lead and control the narrative. Sure, there have been examples of industry participants breaking through the fray to address its challenges, but their actions were generally short lived, and drowned out by the news of many carrier exits. I think the time is now for those in the business to embody the passion they share with so many of their colleagues. Industry participants need to aggressively engage not only with those who will need long-term care services, but also with their family members who will ultimately provide the care. There is a need for broader awareness of the problem our industry addresses that will only come from educating the public about LTC and how it fits in with government subsidized care and retirement planning. As a whole, the LTC business needs to look at itself more critically, beyond product lines. For starters, this means recruiting talent from outside in addition to harnessing ideas from within, all while being creative in our engagement with regulators, the public, and other insurance carriers. ■



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