



SOCIETY OF ACTUARIES

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Chairperson's Corner

Making the Most of Every Opportunity

by Malcolm Cheung

*"It was the best of times, it was the worst of times
... we had everything before us, we had nothing
before us ..."*

A Tale of Two Cities
—Charles Dickens



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The long-term care insurance industry today faces unprecedented opportunities for growth. As the oldest baby boomers approach age 65, Medicaid eligibility standards continue to become more restrictive; state public-private partnership programs proliferate throughout the country; and combination products become more appealing to consumers in light of the tax code changes in the Pension Protection Act of 2006. LTCI premiums are beginning to stabilize as insurers reflect emerging product experience in the pricing of their current products and as medical underwriting standards and tools improve and become more effective. Public awareness of the need to plan for potentially catastrophic LTC expenses later in life is on the rise.

At the same time, our industry is being challenged on a number of fronts. Sales growth is still in the doldrums and market penetration remains very modest. Producers are abandoning the product, which is perceived as too complex and too difficult to sell. The need for rate increases on older policy forms persists. Industry claims administration and rating practices are under attack by the media in locations as disparate as New York City and Iowa. State and federal regulators and legislators have reacted quickly to the media criticism and have targeted LTC insurers with data requests, investigations, inquiries and subpoenas.

How we capitalize on these opportunities and respond to these challenges will largely determine the role that long-term care insurance will play in the retirement security of America's

seniors. The members of the LTCI Section of the Society of Actuaries include not only actuaries, but also individuals involved in sales, marketing, underwriting, claims administration, compliance and operations. It will take the collective and collaborative efforts of all these disciplines if we are to successfully navigate the turbulent waters in which the industry currently finds itself.

The LTCI Section Council is committed to facilitating this collaboration and to enhancing your ability to make a meaningful contribution to this effort, whether it's by identifying speakers and session producers for industry conferences and forums, funding LTC related research, increasing your awareness of LTC issues and best practices via our newsletter and our Web site or promoting a sense of community and interconnectedness through the section's various networking tracks.

I look forward to working with the Section Council over the next year to enhance the value of section membership and to strengthen your ability to help shape the future of our industry. *