

*Fast Facts*

# Long-Term Care Intercompany Experience Study – Aggregate Database 2000-2011 Report

## SUMMARY

Those who work with aggregated databases of claims from long-term care (LTC) insurers will find this report especially useful.

The 15-page document and its three accompanying databases resulted from a collaboration between Society of Actuaries (SOA), MIB and Towers Watson Delaware. The multi-phase project led to development of experience basic tables from the LTC business of 22 U.S. insurers representing over 80% of inforce LTC policies.

This report details the approaches the researchers used to develop the aggregate database for each of three LTC areas studied—claim incidence, claim termination and claim utilization. Included are discussions of critical data elements, calculations, and data definitions for each study. The research team also included sources they relied upon for data and information.

## HIGHLIGHTS

*About the claim incidence study:*

- The claim incidence study included nearly 15 million years of total life exposure and over 172,000 claims.
- The research team calculated the claim incidence rate as the number of claims divided by exposure and also used two measures of exposure: total life basis and active life basis.

*About the claim termination study:*

- The probability that an existing claim will cease is referred to as claim termination. Claim termination typically occurs due to recovery or death and is a key morbidity assumption for long term care modeling.
- In the calculations, the team assigned a claim incurred date to all unique claims equal to the earliest service date less the elimination period. This ensured consistency across all data gathered.
- The claim exposure period was from time of earliest service date to latest, but not during the elimination period.

*About the claim utilization study:*

- Some long term care policies reimburse claimants on actual incurred benefit amounts subject to a maximum daily benefit and some policies have indemnity policy form language. For the policies that have reimbursement provisions, the amount of the reimbursement relative to the maximum daily benefit is referred to as claim utilization. This is a key morbidity assumption for modeling long term care policies with reimbursement provisions. For policies with indemnity policy form language this assumption is not required.
- The team calculated maximum daily benefits for all claimants where there was enough information from respective policy language to do so.

## LINK TO FULL REPORT

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<https://www.soa.org/resources/experience-studies/2015/research-ltc-study-2000-11-aggregated/>

## METHODOLOGY

- Timeframe: Data collected on LTC policies issued between January 1, 2000 and December 31, 2011.
- Claims incurred on LTC policies in force during this time: These were followed from claim inception through the earlier of claim termination or December 31, 2011.
- Data source: The 22 LTC insurers as named in the report. They represented over 80% of inforce LTC policies.
- Data collection: Data selected for the study and any resulting analyses were provided in a form consistent with data received, using every effort to preserve confidentiality of participants. The databases were not altered to adhere to any Safe Harbor rules application.

## REPORT SPECS

- Published: January 2015
- Pages: 15
- Access: Downloadable pdf
- Research Sponsor: The Society of Actuaries (SOA)
- Author(s): Vincent Bodnar, Timothy Wood, and Matthew Morton, all of Towers Watson
- Contents: Background and scope; aggregate database description (claim incidence, claim termination and claim utilization); reliances; participating companies; and three tables.
- The tables accompanying the report are: Mortality Experience; Total Terminations Lapse Experience; and Voluntary Lapse Experience (Revised 09/09/2015)



## YOU MIGHT ALSO LIKE

Long-Term Care Intercompany Experience Study – Policy Terminations Aggregate Databases 2000-2011 Report  
<https://www.soa.org/globalassets/assets/files/research/exp-study/2015-ltc-exp-study-terminations.pdf>

2008-11 U.S. Long-Term Care Insurance Persistency Report  
<https://www.soa.org/globalassets/assets/files/research/research-2008-2011-ltc-persistency-study.pdf>

Long-Term Care Morbidity Improvement Study  
<https://www.soa.org/globalassets/assets/files/research/projects/research-2016-06-ltc-morbidity-improvement.pdf>



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