



## 2018 SOA China Annual Symposium

### **Session 6D U.S. Critical Illness and Long-Term Care**

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# SOA China Symposium

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# U.S. Critical Illness and Long Term Care



# U.S. Critical Illness

- Typically marketed to working age population
- Stand alone, rider and integrated coverage available
- Lump sum and care-based designs available

# U.S. Critical illness

## Common Structures:

### Riders

Death Benefit Acceleration

Additional Benefit Pool

Policy Loan

### Stand-alone Policies

Lump Sum

Pool of Money

Specified Benefit

# U.S. Critical illness

## Qualifying Events:

Serious Medical Event – Heart Attack, Stroke, Cancer, Renal Failure (ESRD), Major Organ Failure/Transplant

Terminal Illness – typically 6-24 month life remaining

Continuous Confinement – linked to hospitalization

# U.S. Critical illness

## Specific Considerations:

- Policy and Premium Review
- Taxation
- Underwriting
- Marketing

# U.S. Long Term Care

- Marketed to working age and retired populations
- Most often sold to retired population
- Stand alone coverage and rider coverage available
- Pool of money and daily benefit designs available



# U.S. Long Term Care

Common Structures:

Riders

- Death Benefit Acceleration

- Additional Benefit Pool

- Policy Loan

Stand-alone Policies

- Specified Daily Benefit

- Pool of Money

Innovations

- Life Stage Plans

- Retirement Linked Plans

# U.S. Long Term Care

## Benefit Design

- Facility definition
- Caregiver definition
- Benefit condition triggers

# U.S. Long Term Care

## Underwriting

- Overall health level of applicants
- Impact of marital status
- Cognitive conditions
- Financial underwriting

# U.S. Long Term Care

## Pricing Challenges

- Very long-tailed risk
- Voluntary lapse and mortality assumptions
- Interest rate assumption
- Longevity improvements

# U.S. Long Term Care

## Historical Issues

- Past product underpricing
- Consumer acceptance
- Claims management
- Policyholder engagement
- Agent training

# U.S. Critical Illness and Long Term Care

## Other Items

- IT System Challenges
- U.S. Income Tax Considerations
  - Premium Payments
  - Benefit Payments