

[Costs of long-term care insurance on the rise; policies also changing](#)

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By Christine Dugas, USA TODAY Just as aging Baby Boomers are realizing they may need long-term care insurance, the marketplace is shrinking, the cost of premiums is soaring, and providers are altering the policies they offer. Long-term care insurance helps cover expenses that typical health insurance doesn't, such as nursing homes, in-home care and assisted living. Insurance companies have been making major adjustments because the claims on long-term health care policies have exceeded their predictions. The reason: People are living longer and developing long-term illnesses, says Deb Newman of the Life Foundation. Meanwhile, near-record-low interest rates have depressed what the industry earns on the premiums it collects. This month, Prudential Financial, one of the top five carriers of individual long-term care insurance, said it was exiting the market. Now, 10 of the top 20 individual long-term insurance carriers have bailed out in the past five years, according to LIMRA, an industry-sponsored group. But this is not necessarily a sign that the industry will be derailed. "It's much like what happened in the disability market 20 to 25 years ago," Newman says. "Everybody offered disability insurance, and then it narrowed down." And some companies that walked away from long-term care, such as Transamerica, are now coming back. Price shock The remaining insurance carriers have raised premiums. Long-term care insurance policies are now 6% to 17% higher than in 2011, the American Association for Long-Term Insurance says. Existing policyholders also have been hard hit by rate increases. Consumers may have thought that their payments would never change, but many insurers, including Genworth Financial and John Hancock, have asked state insurance commissioners for permission to raise premiums. As a result, some policies have imposed double-digit increases in recent years, Consumer Reports says. Today, most Baby Boomers are looking for ways to cope with the high cost of nursing home care and assisted living. But many say they don't like long-term care insurance because if they never use it, they lose all the money they put in. Insurance combos Trying to address consumer complaints, the industry has created hybrid products that combine life insurance or annuities with long-term care. "My clients are buying these hybrid products more than they were buying traditional long-term care coverage," says Ann-

Margaret Carrozza, elder-law attorney in Glen Cove, N.Y. Hybrids are gaining traction, Newman says. For example, New York Life Insurance introduced its hybrid, Asset Preserver, in 2006, and sales have risen the past three years, says Chris Blunt, president of the insurance group at New York Life Insurance. Its hybrid is popular because it has an either/or benefit, Blunt says. Consumers who can afford to put their savings into the hybrid, which requires a one-time payment, can use the money for long-term care if they ever need it, or they will have a life insurance benefit when they die. Not everyone has enough spare money to put into a hybrid. Carrozza is concerned that they will be more costly if the combined policies result in high commissions. Her advice: "Get quotes from several different carriers and have it reviewed by someone who does not sell the product."