

Price of Long-Term Care Insurance Policy Drops, At Least for 55-Year-Old Males

A healthy 55-year-old man can expect to pay \$925 annually for \$164,000 in current long-term care insurance benefits, according to the 2014 Long-Term Care Insurance Price Index, an annual report from the American Association for Long-Term Care Insurance, an industry group. The Association noted that identical coverage cost 15 percent more in 2013, meaning that the annual premium has actually declined for men. After years of constant increases, it is good to know that at least some are getting a price break.

Leading insurers began charging women higher premiums in 2013. Coverage equal to that of the man above would cost a 55-year-old single woman \$1,225. "Women account for two-thirds of the \$6.6 billion in claims paid by insurers last year," said Jesse Slome, the association's director.

"We advocate a 'Good, Better, Best' approach to long-term care planning for those in their 50s and 60s," explained Slome. "Good coverage provides \$164,000 of available benefits for each spouse. Better coverage includes an option to add future coverage. The Best option, also the most costly, includes an automatic inflation growth feature."

Today's average cost for 'Best' coverage for a 60-year-old couple each purchasing \$164,000 of immediate coverage that grows to a combined benefit pool of \$730,000 (\$365,000 each) at age 85, is \$3,840-per-year. "That's a three percent increase from the 2012 average (\$3,725) and 4.8 percent higher than 2012 (\$3,663)," Slome said.

However, rates vary significantly from insurer to insurer for virtually identical policy benefits.

"The typical difference is around 80 percent but in certain cases one insurer charged 109 percent more than another industry leader," states Nicole Marchand, LTC Case Design Specialist at HTA Financial Services, a leading Long-Term Care Insurance Brokerage firm headquartered in West Chester, Pa. "We can no longer assume which carriers will offer the most favorable rates. We research every carrier for each client to provide the best solution at a reasonable price."