

Bill No. S.B. 1046 – An Act Concerning Long Term Care Insurance – 2021

Statement by Milton B. Wallack and Joan M. Wallack, 3-18-21

We purchased Long Term Care Insurance (LTC) from Travelers in 1995, when we were both 56 years old. We did so because their marketing approach suggested that by doing so at a relatively young age, we would have an opportunity to lock in our premium at the then stated annual premium of \$2484.82 for each of us, or \$4969.62 combined. This in fact was the case until 2011. At that point, in May of 2011, we were informed by MetLife Insurance Company that they had purchased this LTC product from Travelers, (which as of May 2017 was turned over to a new entity, Brighthouse Financial). At the time of the May 2011 purchase, MetLife announced that the annual premium for each of us would be increased by an exorbitant 39% to \$3454.40 for a combined total of \$6908.80. In 2014, to our added chagrin, the rate was raised again, this time by 20% to \$4145.40 annually for each of us for a combined total of \$8290.80. In 2015 they raised our premium an additional 10% which brought our combined total to \$9119.56, or almost twice as much as it had been only 4 years before. These increases seemed to be outrageous to us and it is why we began the process on inquiry and protest. We began this process because those repeated and exorbitant increases were contrary to the premise and spirit of the original sales and marketing approach. In fact, we felt that these actions amounted to deceptive marketing. Our insurance agent, Bonnie Goldberg, who had sold us this policy also substantiated our assessment when she noted for a 2018 legislative hearing that “when many of these policies were sold, the assumption was that the original rates would be maintained”. That is why many in their 50’s purchased them. Now these same people who are in their 70’s and 80’s find these unexpected increasing premiums to be untenable, especially for those on a fixed income. Despite our protests, and the protests of others, the rates have continued to increase. In 2017, they rose another 10% for us to a combined total of \$10,086.24. In 2018 they increased another 10% to \$11,155.40 combined. In 2019 the rates rose another 10% to \$12,377.88 combined. In 2020, the rates again rose more than 10% to \$13,633.00 combined. In the first half of 2021, our combined rate will be \$7,532.24 – projected for the entire year 2021, this will be \$15,064.48 which will be an approximate 11% increase. At that point, we will have paid a total of \$184,941.70 (which the company has multiplied by investments). These increases, which took our original annual rate of \$4969.62 through 2011 to what will now be an annual rate of \$15,064.48 in 2021 certainly seems unethical and even deceptive, especially in light of the original marketing plan. While we thank all of you for raising Bill No. 1046, we feel that the solution for increasing premium rates for LTC should be strong and we therefore recommend a COL consideration which we feel is more than adequate and very reasonable. In addition, because of previous excessive increases, we also suggest that consideration be given to premium abatements to make up for previous flagrant increases. Thank you again for all that you are doing on behalf of all of us who are being adversely affected by the unreasonable escalation of premium rates for LTC insurance.