

The Ziff Agency Monthly

#SaveSomeGreen



From the Desk of Adam Ziff
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How the Pandemic is Changing Long-term Care Insurance

The COVID-19 pandemic has likely had a significant impact on long-term care insurance (LTCI), although most of the effects won't be known until after it ends.

The pandemic has appeared to increase both interest in and purchases of LTCI. It's still too early for complete data to be available, but anecdotal reports from insurers and agents indicate that there has been increased inquiries about and purchases of different types of LTCI over the last year.

The widespread effects of the pandemic have made more people aware of the potential they might need long-term care at some point. The pandemic also made more people realize that the need for long-term care can arise suddenly and much earlier than they realized.

The increased interest in LTCI is also consistent with reports that people became much more concerned about estate planning during the pandemic.



The last year has also taught insurers and agents to stress that LTCI is not "nursing home insurance." A common misconception about long-term care and LTCI is the assumption that the care is primarily delivered in a nursing home or at an assisted living residence. In fact, the majority of LTCI claims paid by insurers now are for home care.

After reports that one-third of COVID-19 deaths were of nursing home residents and that long-term care facility residents were subject to forced isolation during the pandemic, many people emphasized that they want to receive any care they need in their homes for as long as possible. They want to create a financial structure that will help pay for long-term care at home.

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Current News:

What's Behind The Boom In Annuity Sales?

In the second quarter of 2021, annuity sales were off the charts.

“Our preliminary second quarter numbers are the highest we have seen since the fourth quarter of 2008, and the third-highest quarter on record,” says Todd Giesing, assistant vice president and head of annuity research at Windsor, Conn.-based Secure Retirement Institute (SRI).

Every quarter, SRI releases annuity sales data. But this release was particularly surprising to some, given the backdrop of the pandemic. Total annuity sales for the quarter jumped 39% from the corresponding period a year earlier, led by variable annuities, which surged 55%; fixed annuity sales rose 27%.

“As business continued to open up, Americans likely started to get back to a more normal mindset, bringing factors such as retirement and income planning discussions back to the table,” says Giesing.

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(Source: Financial Advisor Mag)

Though LTCI has paid for home care for many years, many potential purchasers didn't realize that until recently.

Most LTCI policies pay for long-term care delivered in almost any location. The standard provision triggers benefits when the insured is diagnosed as having a cognitive impairment or needing any assistance with at least two of the six activities of daily living. It doesn't matter where the care is received. The ability to pay for care received at home makes LTCI attractive to a lot of people.

How Hybrid Life Insurance Pays For Long-Term Care

A negative effect of the pandemic on LTCI is that it is more difficult to qualify for a policy. Insurers are reportedly declining more applications for several reasons.

In-person medical exams are now required for more applicants. Previously, in-person medical exams for LTCI applicants weren't common. The underwriting process typically involved a review of a questionnaire and some medical records. A telephone interview also was common.

Now, it's more likely that an in-person medical exam will be required when the paperwork or telephone interview raise any questions.

More insurers are also lowering the age limit at which they'll issue policies while lengthening the list of pre-existing conditions that will disqualify an applicant from coverage.

Those interested in LTCI seem to continue to move away from traditional LTCI and toward the newer hybrid policies. A hybrid policy is an annuity or life insurance contract with LTC benefits included.

Additionally, hybrid policies guarantee no increase in premiums. Many are paid for with one lump sum premium deposit.

Hybrid policies also make it easier for the insured to recover most if not all of the premium deposited with the insurer if the insured needs the money before needing long-term care. One of the more attractive features of hybrid policies is they aren't 'use-it-or-lose-it' like traditional LTCI.

These factors are why sales of hybrid LTCI have increased substantially in recent years while sales of traditional LTCI have not seen as high of a climb.

(Source: Forbes)

The Underwriter's Corner: *Underwriting Q & A*

What to Expect in Long-term Care Insurance Underwriting

You sent in your long term care insurance application – what's next? To get approved for coverage, applicants are required to go through long-term care insurance underwriting. This process can generally take 6-8 weeks for the carrier to obtain your medical information, conduct interviews, and make a decision. Here are some scenarios of what to expect when you apply for long term care insurance:

Review of Your Medical Records - The insurance carrier may request medical records from your primary care doctor including any specialists you've seen in the last 3-5 years.

Prescription Drug Screen - To verify your prescription medications, LTC carriers will check a drug screen from the State Prescription Drug Monitoring Program.

Phone (or In-person) Health Interview - You may be required to complete a phone health interview by the insurance carrier or one of their vendors. Depending on your age and health status, you may get a call from a nurse to schedule an in-person interview to review your health.

INSURANCE 101

Famous Estate Planning Failures



NAME: Anthony Johnson

DIED: September 6, 2021

AGE: 55

CAUSE: A cause has yet to be released

ESTATE BLUNDER: Not having a plan in place for his death, leaving his family little

Anthony Johnson, an actor and comedian known for small but memorable roles in "Friday," "House Party" and about two dozen other movies, died last month of unknown causes.

Anthony's widow, Lexis Jones Mason, says her family doesn't have enough money to cover his funeral expenses after the actor's death, and she accused his closest associates of not providing any financial help to give him a proper sendoff.

In a tearful interview with TMZ, Lexis doesn't name names but reveals that she has been struggling to get Johnson's friends to honor their 'commitment' to help with his final arrangements.

Lexis ended up starting a GoFundMe campaign online to fund her late husband's funeral. Yet, she stated disappointment to TMZ again after the donations didn't come in as briskly as expected, only reaching around \$700 raised after the first week.

(Source: New York Times)

Why we have to figure out aging in place

A Look Into Long-Term Care

Understand long-term care if you plan to age in place

75% Number of people over 65 that will require some form of long-term care

We're Living Longer

Here are estimates for coming decades

2020 - 80.2 years
2050 - 82.9 years
2059 - 84 years

\$83,950

The national average annual cost for a private room in a nursing home.

\$56,717

The national average annual cost for 40 hours per week of in-home care.

\$19,000

The national average annual cost for home health aide, 3 visits per week.

And these average costs are rising every year by about 5 to 8%.

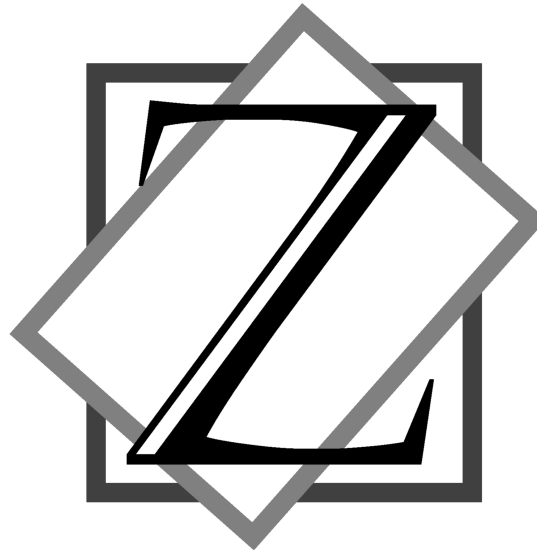
(Source: Largo Financial)



HERE'S A THOUGHT...

*"October is the opal month
of the year. It is the month
of glory, of ripeness. It is
the picture-month"*

– Henry Ward Beecher



The Ziff Agency, LLC

www.theziffagency.com

Life Insurance isn't Scary!

Not having any can be!

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#ProtectYourFamily

#InsureYourLove

*Make sure your family is protected and
have your **Life Insurance** reviewed today!*