

# New Report Examines What Consumers Really Pay For Long-Term Care Insurance

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Los Angeles, CA -(November 29, 2010) - One fourth (27.8%) of individuals purchasing long-term care insurance during the first half of 2010 who were under age 61 pay less than \$1,000 a year according to a new report issued by the American Association for Long-Term Care Insurance (AALTCI).

"The single greatest misconception held by consumers is the actual cost of coverage," explains Jesse Slome, AALTCI's executive director. "Most people perceive the cost is actually quite a bit higher than the real amounts paid by large percentages of those purchasing coverage."

The Association reveals that nearly one-in-five (19.4%) purchasers in the study who were under age 61 pay between \$20 and \$30 a week for new policies. Over one-fourth of buyers (28.9%) in this age band pay between \$1,500 and \$2,500 a year with the remainder paying more. Less than one-tenth of these buyers (6.8%) pay \$4,000 or over.

"Studies that report average premium costs regrettably mislead the public into the perception that long-term care insurance is expensive," Slome explains. "Averages include large numbers of older buyers and other factors that result in higher costs. The fact is that many people pay far less than the average amounts reported."

Costs for long-term care insurance can vary significantly based on the age when one applies, the ability to take advantage of discounts offered to healthier applicants as well as the amount of future benefits desired.

Insurance rates are based on the attained age of the applicant. Older buyers pay more and according to the Association's examination of the latest data of real buyers, less than a tenth (9.0%) of buyers between ages 61 and 75 paid \$1,000 or less when they applied for new coverage.

According to the Association, the average age for new individual purchasers is now 57. Eight out of 10 (80.5%) of new individual buyers in 2009 were younger than age 65 when applying for long-term care insurance according to AALTCI's annual research of 155,000 new applicants. The pricing data is based on an analysis of over 200,000 purchasers of partnership qualified LTCi policies.

## What Real People Pay Yearly

### Buyers Under Age 61

- Less than \$999 27.8%

- \$1,000 - \$1,500 19.4%
- \$1,500 - \$2,500 28.9%
- \$2,500 - \$4,000 17.1%
- \$4,000 and over 6.8%

**Buyers Age 61 - 75**

- Less than \$999 9.0%
- \$1,000 - \$1,500 12.5%
- \$1,500 - \$2,500 34.5%
- \$2,500 - \$4,000 28.4%
- \$4,000 and over 15.6%

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