

Insurance Times: Consumers confused about cost of long term care insurance

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WASHINGTON, D.C. — Consumers confuse the cost of long-term care insurance with the cost of long-term care, according to focus groups sponsored by the Health Insurance Association of America (HIAA) and LIMRA International.

Many participants in the groups estimated the cost of long-term care insurance to be 5 to 10 times higher than the actual cost.

Dr. Donald Young, HIAA president, observed, “Comments from consumers indicate that they know little about long-term care insurance and its costs. It is vitally important that the insurance industry work with consumers to overcome the lack of information that is standing in the way of this important product reaching its full potential.”

Many participants in the focus groups seemed to be unaware of the need for long-term care, hoping the issue will just disappear. However, they viewed positively government incentives and programs that either reduce the cost of premiums or allow greater asset protection.

HIAA and LIMRA also conducted focus groups of producers with significant long-term care insurance sales. According to the producers, women frequently show greater appreciation of the value of long-term care insurance benefits than men and consumers are more likely to mention the psychological reassurance provided by the coverage rather than any specific benefit.

“Education is critical,” said Richard A. Wecker, president and CEO of LIMRA International.

“Many producers active in this market feel that even a limited awareness of the various care options available, the financial outlays required for long-term care situations, and the realization of the wear-and-tear on those involved with these events is typically enough to firmly establish the need of the product in the eyes of the consumer.”