



Contact: Carl Friedrich
Milliman, Inc.
Tel: (312) 499-5646
carl.friedrich@milliman.com

Sue Saip
Milliman, Inc.
Tel: (312) 499-5607
sue.saip@milliman.com

Al Schmitz
Milliman, Inc.
Tel: (262) 796-3477
Al.schmitz@milliman.com

FOR IMMEDIATE RELEASE

Press Release

New Milliman survey reveals significant repricing of long-term care hybrid products in the last 12 months

SEATTLE – SEPTEMBER 30, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of a new survey examining changes to hybrid long-term care (LTC) plans in light of the low interest rate environment and COVID-19. The study, “LTC Hybrid Product Survey,” is based on a survey of top writers of life LTC hybrid plans. The report focuses on current topics relative to the National Association of Insurance Commissioners (NAIC) Valuation Manual, Chapter 20 (VM-20), pricing, sales, and investment returns.

Key findings of the survey include:

- When asked about the assumed morbidity margin for a hybrid product under VM-20, 29% of participants assume a margin less than or equal to 10%, 57% assume a margin ranging from 10% - 20%, and the remaining 14% assume a margin of 20% or more.
- The top two primary challenges in modeling LTC hybrid riders under VM-20 are integrating rider cash flows with the base contract and determining the appropriate level and direction of margins for each risk factor under VM-20.
- Hybrid products were repriced once in the last 12 months by 44% of survey participants, repriced two times by 11% of participants, three times or more by 22% of participants, and not at all by the remaining 23% of participants.
- The single most important factor driving repricing by survey participants is the low interest rate environment.
- As a result of COVID-19 or other factors, the majority of survey participants have changed issue age limits on hybrid LTC plans.
- All participants reported they are finding it difficult to meet profit goals given the low interest rate environment.

A brief summary of the survey results is available by visiting the Milliman website at <https://www.milliman.com/en/insight/LifeLTC-hybrid-products-2020-survey>.

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit www.milliman.com.

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