

Largest LTC Claim Tops \$1.8 Million

Benefits started within three years of purchasing policy



The largest open claim on a long-term care insurance policy has paid nearly \$2 million in benefits, the American Association for Long-Term Care Insurance reported on Tuesday.

The female policyholder has been receiving benefits for 15 years and nine months as of the end of 2012, the organization found in a study of LTC claims.

"Her claim, which now exceeds \$1.8 million, started three years after she purchased a long-term care insurance policy," Jesse Slome, director for AALTCI, said in a statement. "Consider that she paid \$881 yearly for the coverage with payments ending when her claim began."

The largest open policy held by a man is slightly smaller, at more than \$1.3 million in paid benefits. That claim started seven years after the policy was purchased and has paid benefits for almost 10 years. His initial premium was \$4,812 per year.

Slome noted the difference in premiums is not uncommon. "He likely bought a much richer policy," he told ThinkAdvisor by email. "She bought good coverage and just has been getting benefits year after year. It's just the way it works."

AALTCI found that in 2012, insurance companies paid \$6.6 billion in total LTC benefits to 264,000 claimants. More than two-thirds of new claims were for people 80 or older, and nearly a quarter were started for people in their 70s. However, Slome stressed that long-term care was not strictly an age-related issue.

"People mistakenly associate long-term care with care needed by the elderly. Accidents, injuries and illnesses also can result in a need for long-term care," he said in the statement.

Slome said the most common reasons for filing a claim were Alzheimer's disease, stroke, arthritis, circulatory issues or injury.

The study found the largest open claims, several of which started within months of the policyholder's purchase, ranged from \$322,286 to the previously mentioned \$1.8 million.

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