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State approves John Hancock long-term care rate increase

(Salem) — The Department of Consumer and Business Services (DCBS) this week approved rate increases affecting more than 7,300 Oregonians who have long-term care insurance through John Hancock, including some policies originally sold by Time Insurance Company and Union Security Insurance Company.

The actual premium increase for a policyholder varies based on the particular policy, the benefits purchased, and age at the time the policy was purchased. However, the *average* increase for individual policies was nearly 39 percent. The average premium for an individual policy is \$2,000 a year, so the average increase in this case would add another \$778 to the annual costs.

“We spent a great deal of time analyzing this request, but, in the end, there was ample evidence that policies are not generating enough in premium to pay future claims to policyholders,” Acting Insurance Division Administrator Lou Savage said.

Long-term care is a relatively new type of insurance and a number of insurers nationwide are seeking rate increases. That’s due to the fact that policyholders kept their policies longer than expected and are living longer than projected, using more benefits.

Although Oregon accounts for 1 percent of John Hancock’s business, the company was Oregon’s second-largest provider of long-term care insurance with 14 percent of the market based on its 2010 premium of \$18.6 million.

John Hancock will send letters to its policyholders at least 60 days before a policy’s anniversary date, when the increase takes effect. The earliest letters will likely go out this summer. They will explain any options to reduce benefits to avoid or limit premium increases, as well as deadlines for making those decisions.

“Every individual’s situation is different so consumers will have to analyze their own ability to continue coverage as well as their willingness to give up some benefits to keep their policy,” Savage said.

Eighty-one percent of Oregon policyholders can avoid the rate increase by reducing their inflation protection. This means their policy would cover a smaller percentage of the costs of care in the future. Other options for reducing benefits are also available and range from reducing the daily benefit amount to shortening the benefit period.

John Hancock’s customer service numbers for people with individual policies are: 1-877-606-7754 and 1-877-606-7755 (both toll-free). People who have a long-term care benefit through an employer will be provided with a specific contact number.

No policyholder facing a premium increase will pay more for their policy than someone buying a comparable new policy. Rate increases for policyholders who currently are receiving long-term care benefits (“on claim”) will not take effect until the care ends.

Meanwhile, the Oregon Insurance Division provides general information about long-term care insurance on its [website](#). Its consumer advocates are available to answer general questions about long-term care insurance at 1-888-877-4894.

Here is a list of policies affected by the rate increase; the information is also available on the Insurance Division website.

Policy series	Average increase	Range of increase	Number of members
John Hancock (individual)			
LTC-OR-91	30.6%	0-77%	267
LTC-96 OR 9/96 LTC-96 CL OR 9/96 LTC2000 OR 4/00	41.6%	0-77%	1,387
LTC-02 OR BSC-02 OR	71.1%	0-90%	1,823
LTC-03 OR BSC-03 OR	21.5%	0-23%	1,900
LTC-03 OR (Rates 2007)	14.4%	0-16%	630
John Hancock (Group)			
P-GLTC (2002-2) OR	44.8%	0-100%	401
P-GFR (2004) OR	22.5%	0-24%	292
Time Insurance (individual)			
4062 OR 4062 OR (rev. 3/97) 4063 OR 4063 OR (rev. 3/97)	45.3%	0-69.5%	131
Union Security (individual)			
6062 OR 6063 OR	45.3%	0-69.5%	478
7062 OR	70.5%	0-90%	54

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