

2025

SUPPLEMENTAL HEALTH,
DI & LTC CONFERENCE

Expanding Horizons

Exploring LTC Combination Products





Setting The Stage





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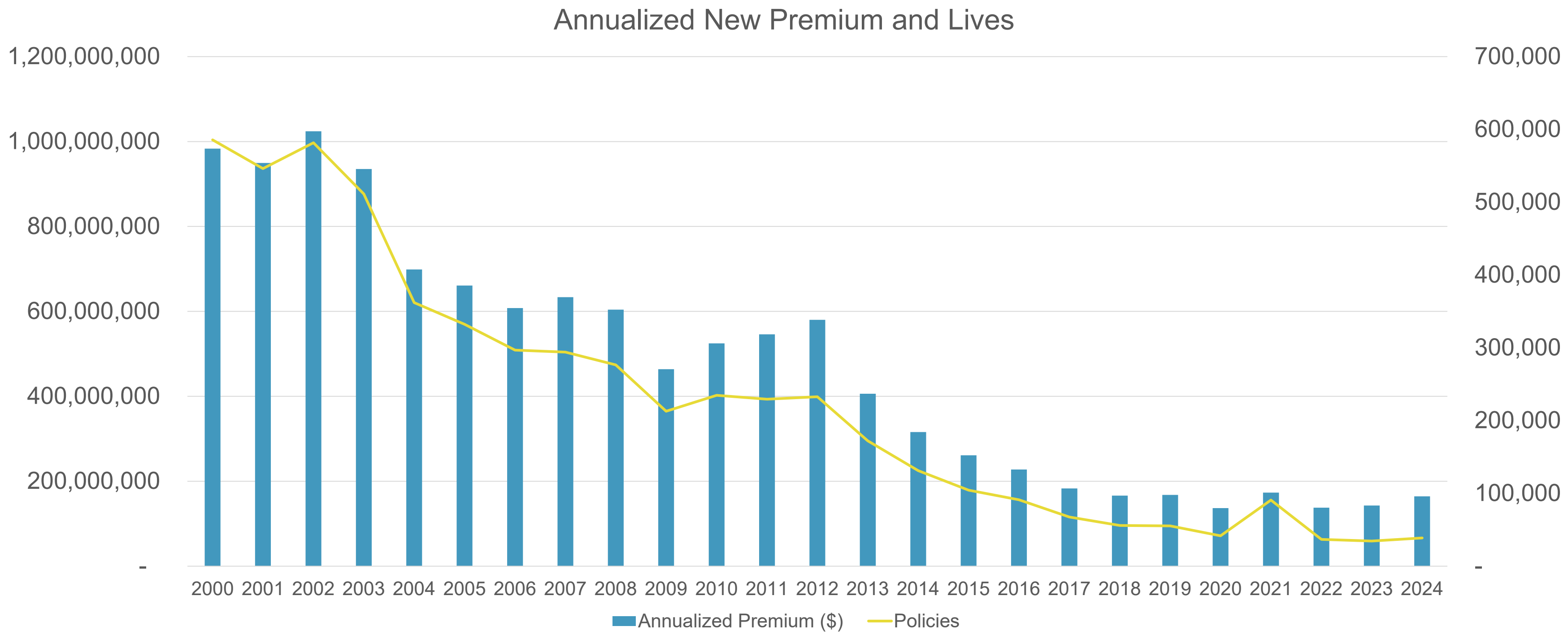
Navigate With Confidence



**SOCIETY OF
ACTUARIES**

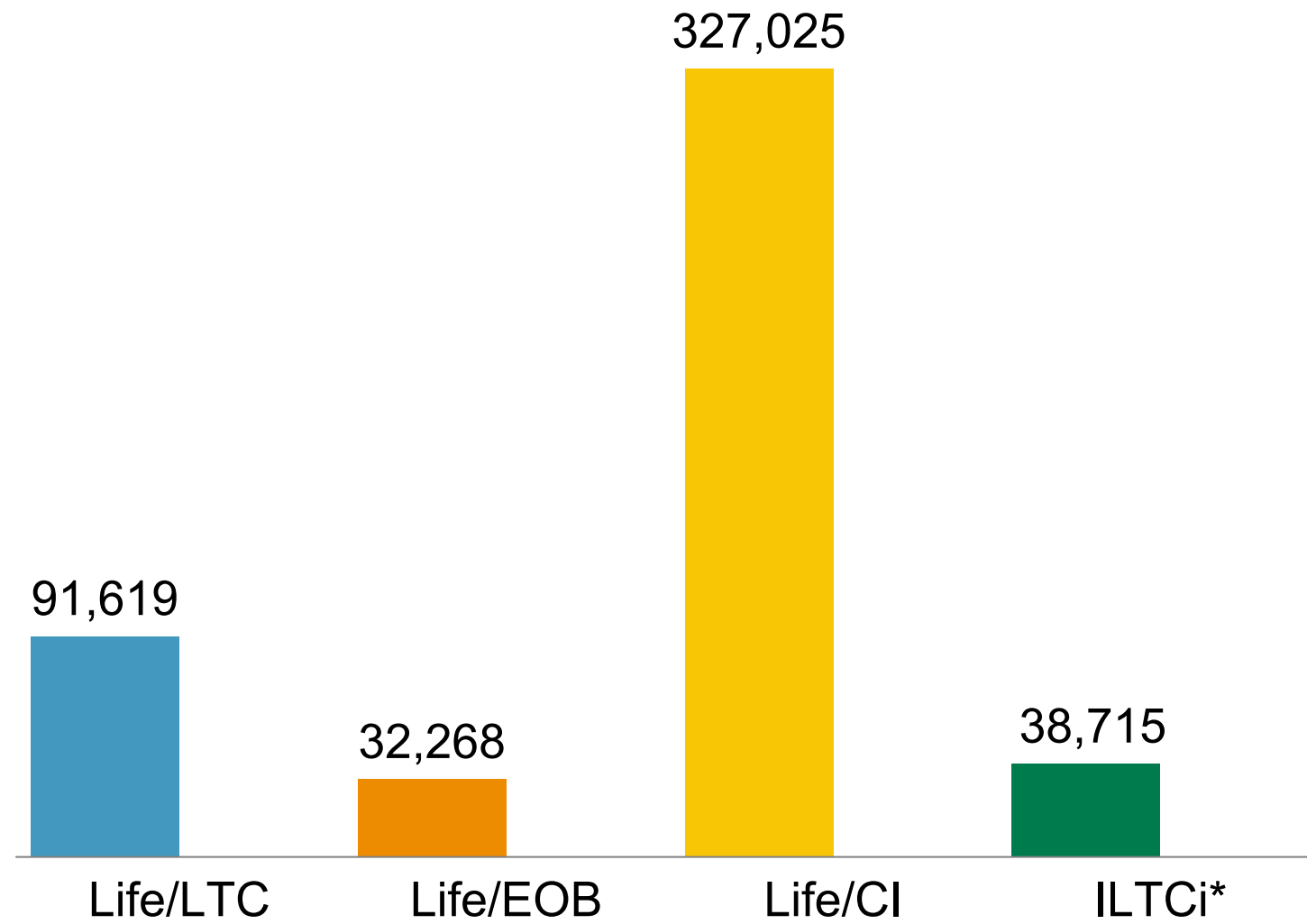
Shift in LTC Market Solutions

Individual Standalone LTC Sales

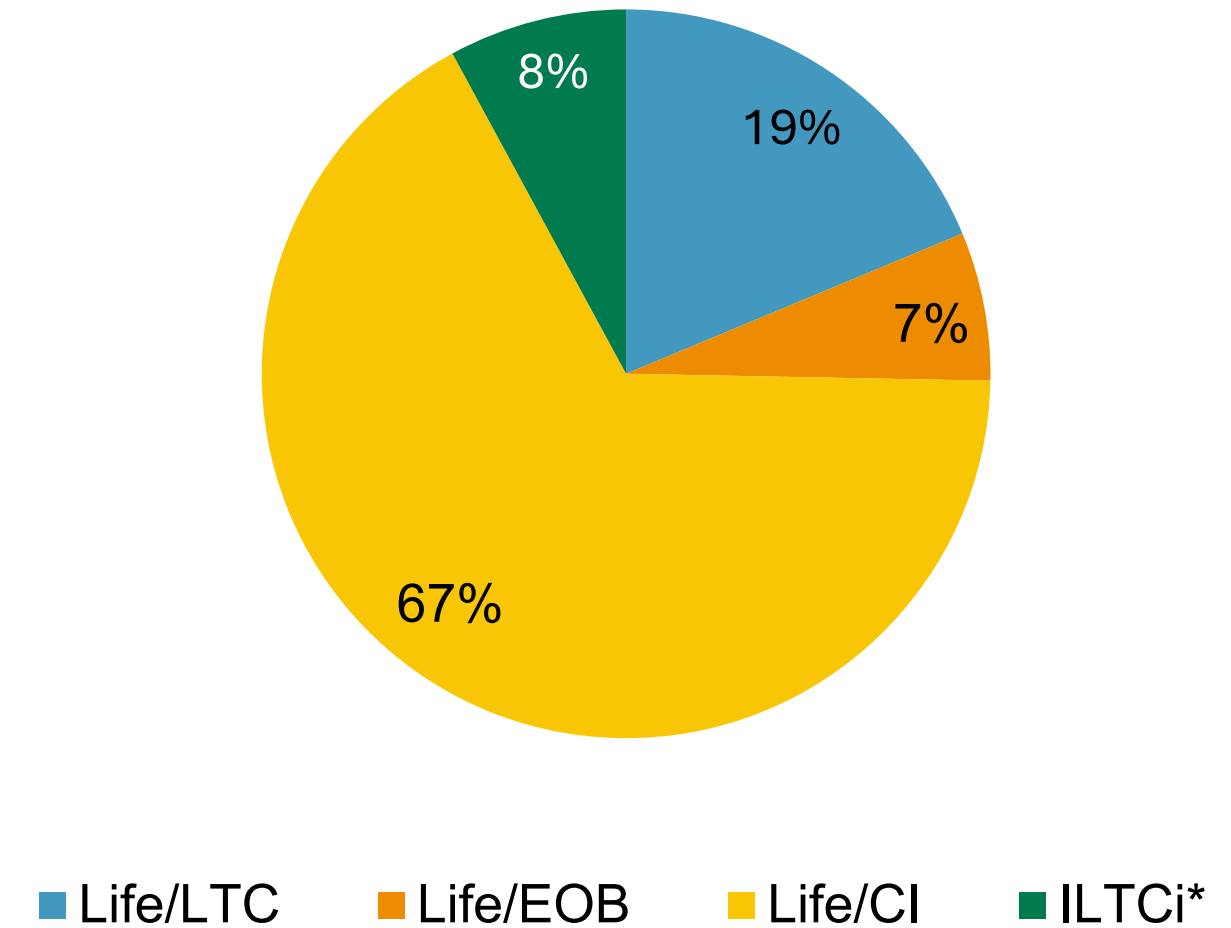


Individual Long-Term Care Solutions

2024 new policies



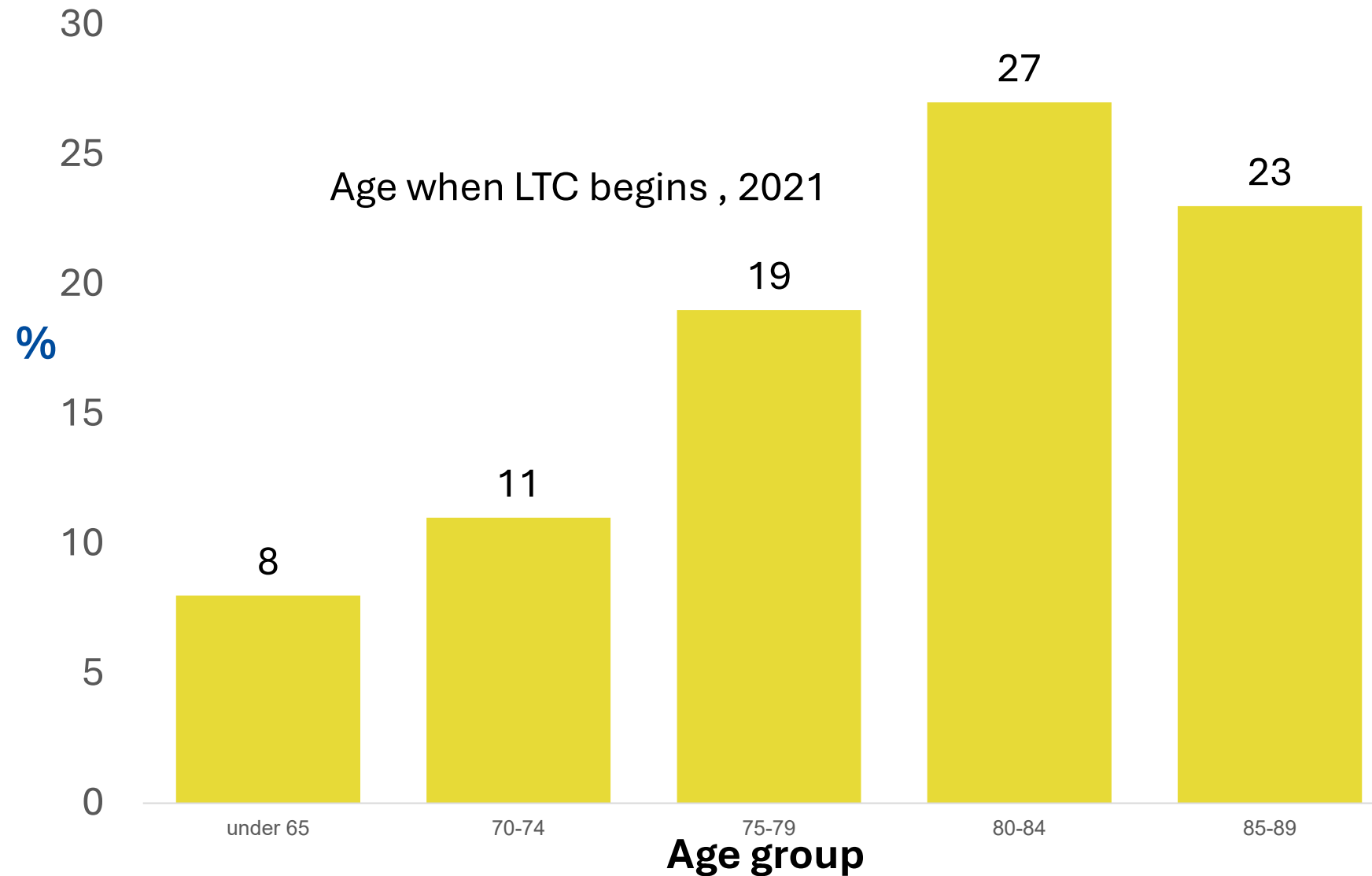
Market share by new policies



⁺Source: LIMRA's 2024 Annual Individual Long-Term Care Sales Survey and 2024 Annual Combination Product Sales and In Force Survey

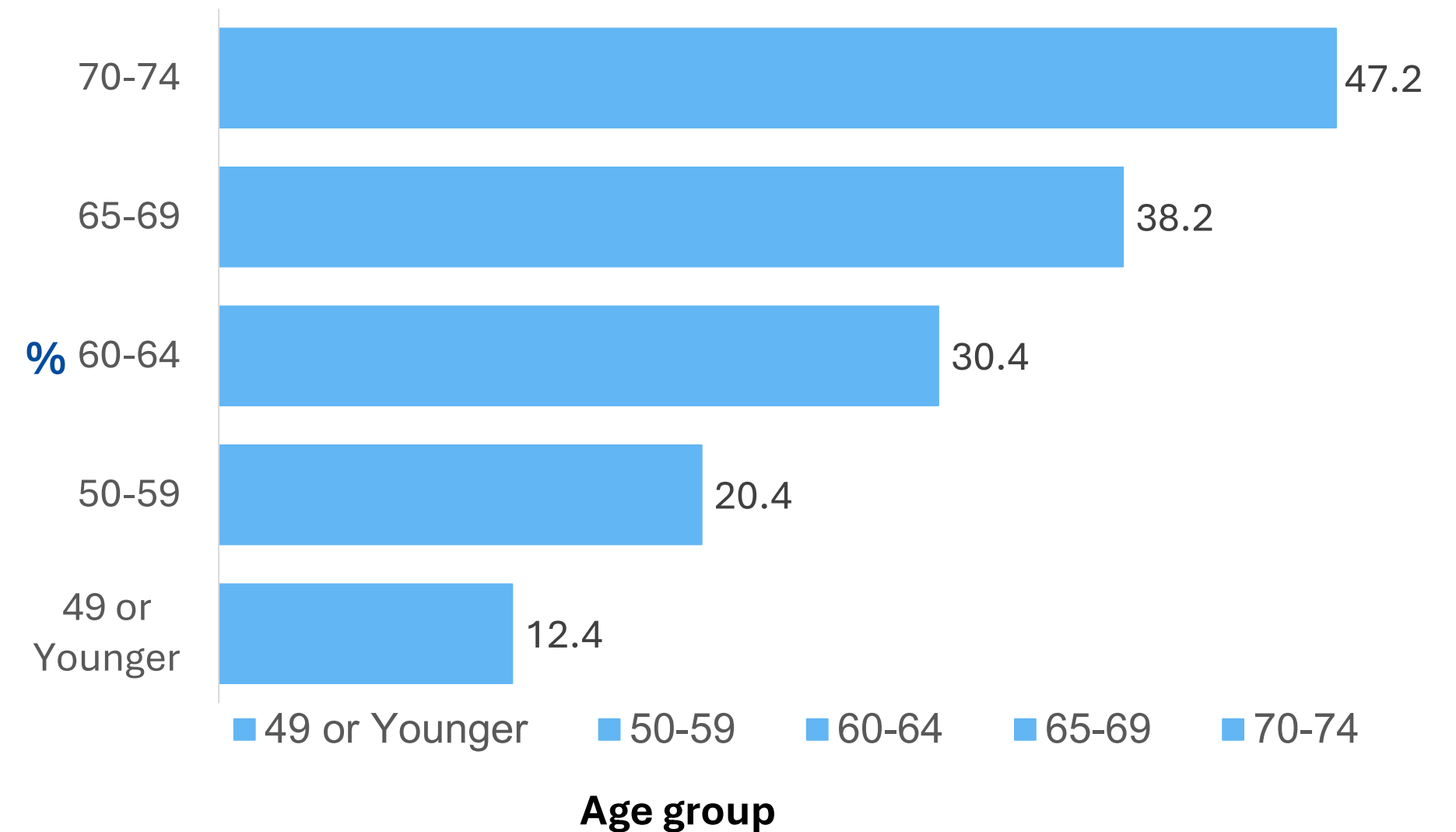
Long Term Care Needs

Need for long-term care services



Source: American Association of Long Term Care Insurance. Nov, 2021

2021 applicant declines by age bands



Source: <https://www.aaltci.org/long-term-care-insurance/learning-center/lcfacts-2022.php#applicants-declined>

- The need for LTC goes up substantially with age but so does declined applications as age increases.
- The average stay in a LTC facility is 3.7 years for females, 2.2 years for male
(Source: <https://www.singlecare.com/blog/news/long-term-care-statistics/> Feb, 2022)



Long Term Care Needs



Largest claim paid

- Male, \$2.28 million: 14 years 2 months
- Female, \$2.33 million: 16 years 6 months

Based on a January 2019 American Association for Long-Term Care Insurance survey of leading long-term care insurers.



On average, a person with Alzheimer's lives three to 11 years after diagnosis but can live as long as 20 years more. Medical breakthroughs can significantly prolong life with chronic conditions.

Source: www.MayoClinic.org, June 2023.



Length of stays in a nursing home —
Half of today's 65-year-olds may never need long-term care support, but 10% will need it for longer than five years.

American Association for Long-Term Care Insurance, 2024, www.aaltci.org



Longer lives can result in greater probability for the need for LTC.



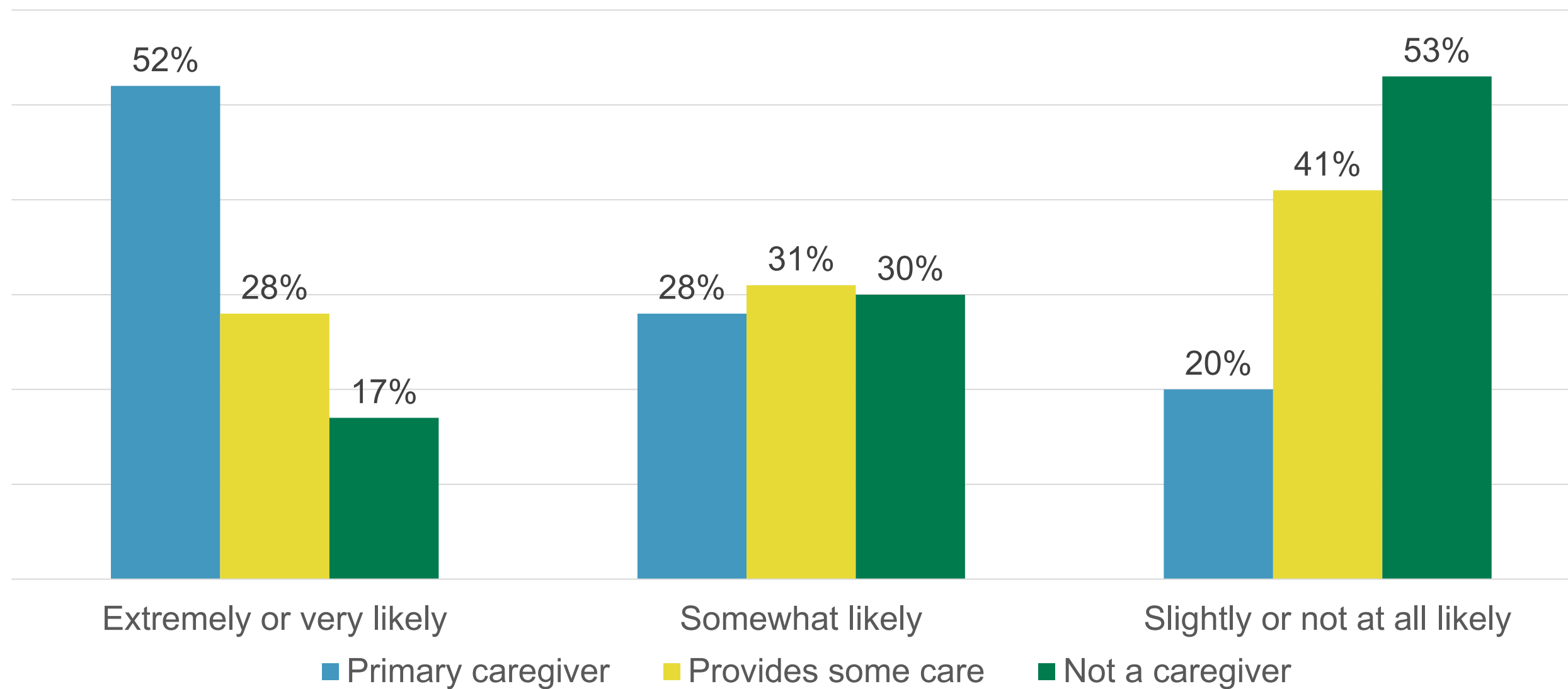
The Conversation



Market Disconnect

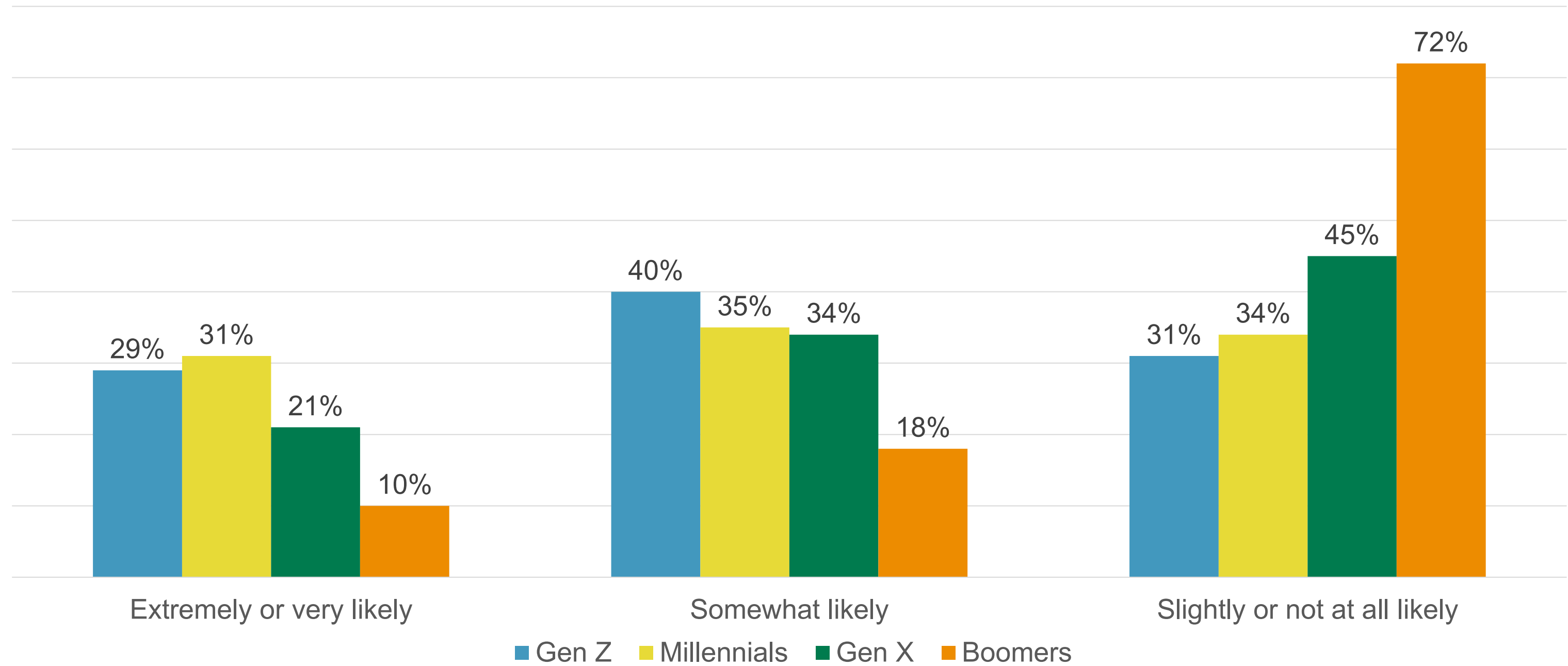
- **Most carriers target**
Age 45 to 64, income \$100K to \$1 million
- **Most interested**
Millennials and Gen Z, primary caregivers

Interest in Combination Products



*Source: LIMRA's *Consumer Perspectives on Combination Products 2024*

Interest in Combination Products



*Source: LIMRA's *Consumer Perspectives on Combination Products 2024*

Population Demographics

Born after 2012

(Age in 2025: less than 13)

Generation A
36.7 M

Born 1997-2012

(Age in 2025: 13 to 28)

Generation Z
67.8 M

Born 1981-1996

(Age in 2025: 29 to 44)

Millennials
73.2 M

Born 1965-1980

(Age in 2025: 45 to 60)

Generation X
65.2 M

Born 1946-1964

(Age in 2025: 61 to 79)

Baby Boomers
70.4 M

Born before 1946

(Age in 2025: 80+)

**Silent Generation
and Greatest
Generation**
21.7 M

A Growing Number Of People Are Taking On Caregiving Roles

21%

of U.S. adults are serving as an unpaid caregiver for another person

(approximately 53 million people)

Hours per week providing care:

37.4h

37.4 hours for those who live with care recipient

23.7h

23.7 hours for care recipients they don't live with

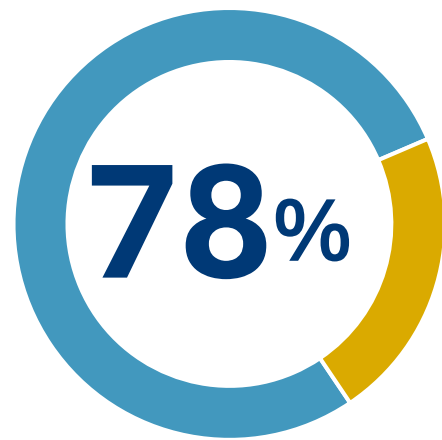


Caregiving defined

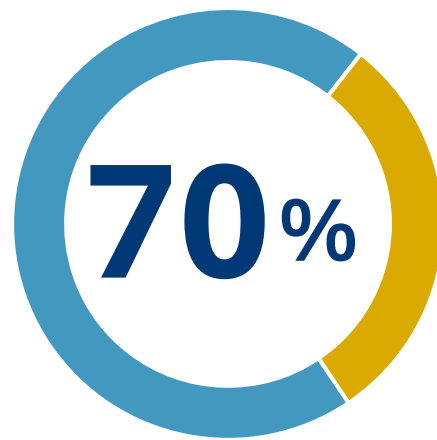
Caregiving is defined as providing a variety of support types at least once per week to a child with a disability, a significant other, parent / in-law, grandparent, or other adult needing care due to:

- Aging
- Illness
- Disability
- Recovery (surgery, health event, etc.)
- Financial hardship

Caregiving Responsibility Raises Awareness Of The Need To Plan For and Think About Funding Their Own Care



Gen X/Boomers
n.80



Millennials / Gen Z
n.57

say being a caregiver has impacted how they think about their own future care needs

“It has made me more aware that we might encounter these same issues one day. We need to prepare so it doesn’t sneak up on us. We want to be sure we have the financial means to help in that effort as well.”

- Gen X

Ways caregiving impacts future care thinking:

- Making concrete plans and financial plans; wonder if what they’ve saved will be enough
- Worry about the unpredictability of needing care
- Feel it’s important to start researching their own future care options and funding plans
- Have had discussions with family members about future care wishes and needs
- Hope family can provide support/care, but don’t want to be a burden

“It has opened my eyes in how my future will play out and the hardship I do not want to place on my kids. Getting all my stuff in order will prevent my children from dealing with unnecessary stress.”

- Millennial



Financial Stress Impacts Most Caregivers

More than 90% of caregivers are also financial caregivers, defined as either contributing direct financial support or coordinating some or all of their loved one's money-related matters.

78%

report having out-of-pocket expenses
because of caregiving

\$7,242

average annual amount of personal funds
spent on caregiving (all generations)

\$8,502

average annual amount of personal funds spent by
Gen X on caregiving, highest of all generations,
likely due to being the current sandwich generation

\$7,462

Millennials / Gen Z average annual amount of
personal funds spent on caregiving



Source: AARP, *Caregiving out-of-pocket costs study*, June 2021

Source: SOA Research Institute, *Informal Caregiving, Measuring the cost and reducing the burden*, April 2023

Source: Securian Customer Insights, *Caregivers in the Workplace study*, February 2024 (quote attribution)

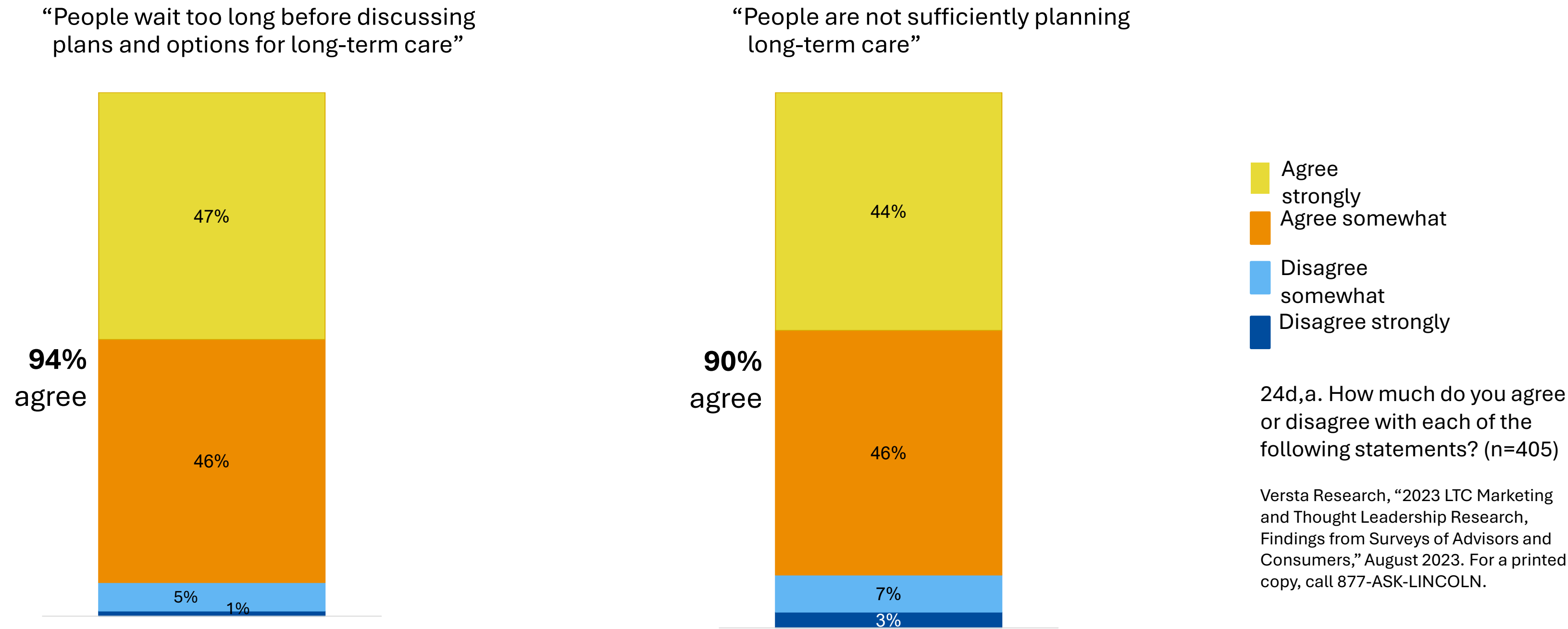


Distribution Success and Challenges

- Is it still hard to get agents to sell these products?
- Who is selling them?
- Technology barriers
- How to expand our reach

The Disconnect

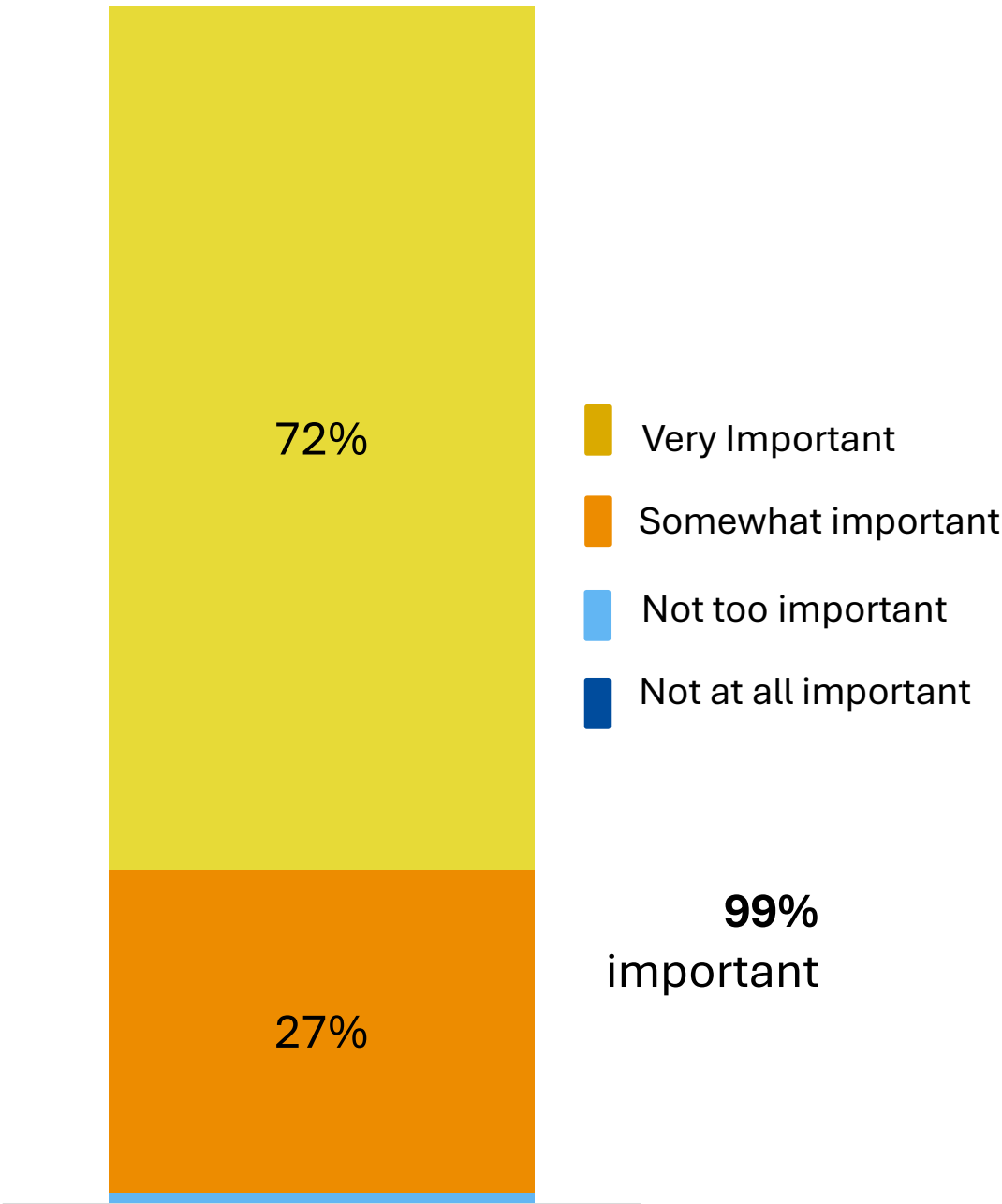
Nine out of ten advisors believe Americans are not yet doing what they should be doing to prepare for long-term care.



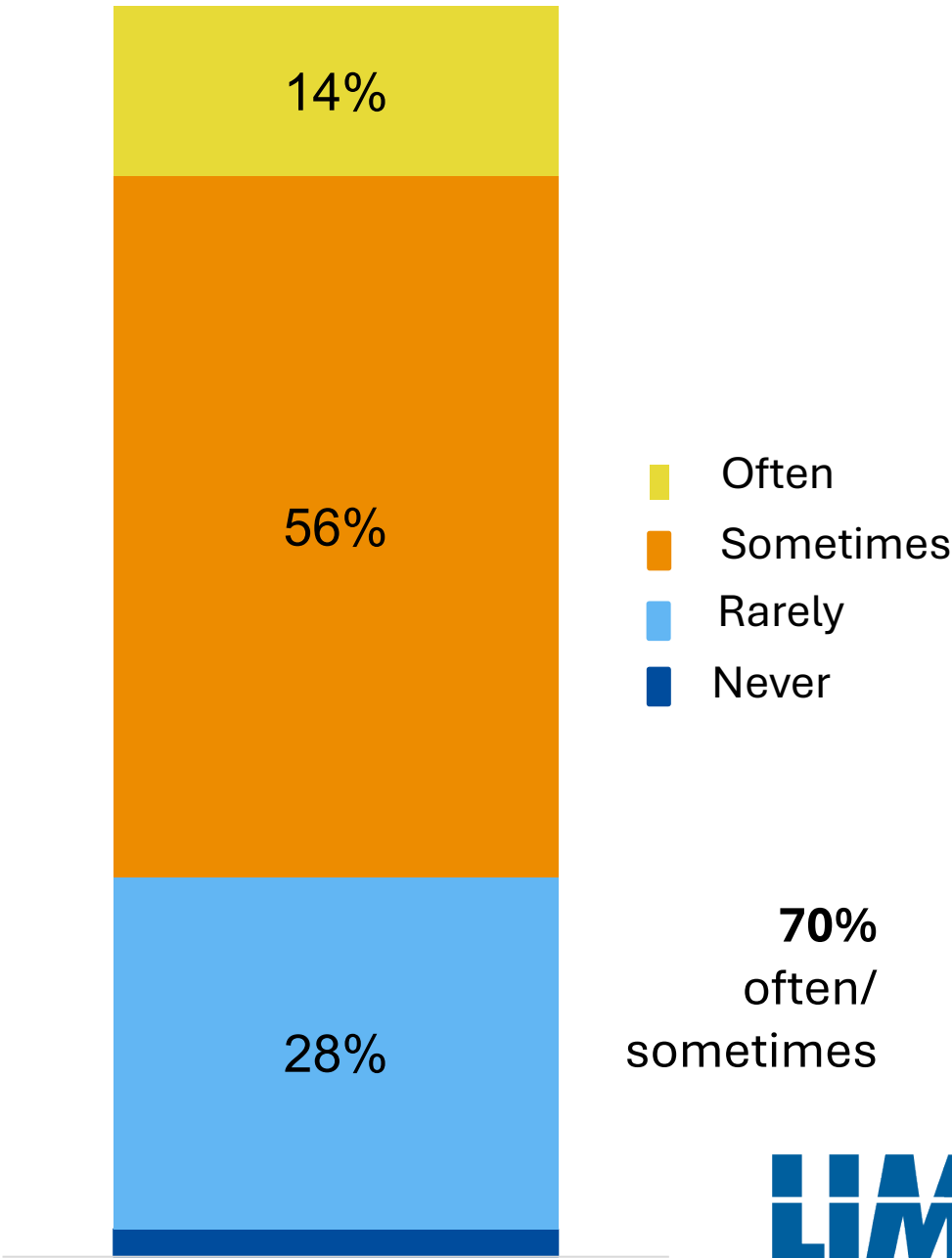
The Disconnect

Seven out of ten advisors sometimes or often see families in conflict over how to provide care for a loved one.

Importance of Families Talking about Long-Term Care Preferences



Families in Conflict over How to Provide Long-Term Care

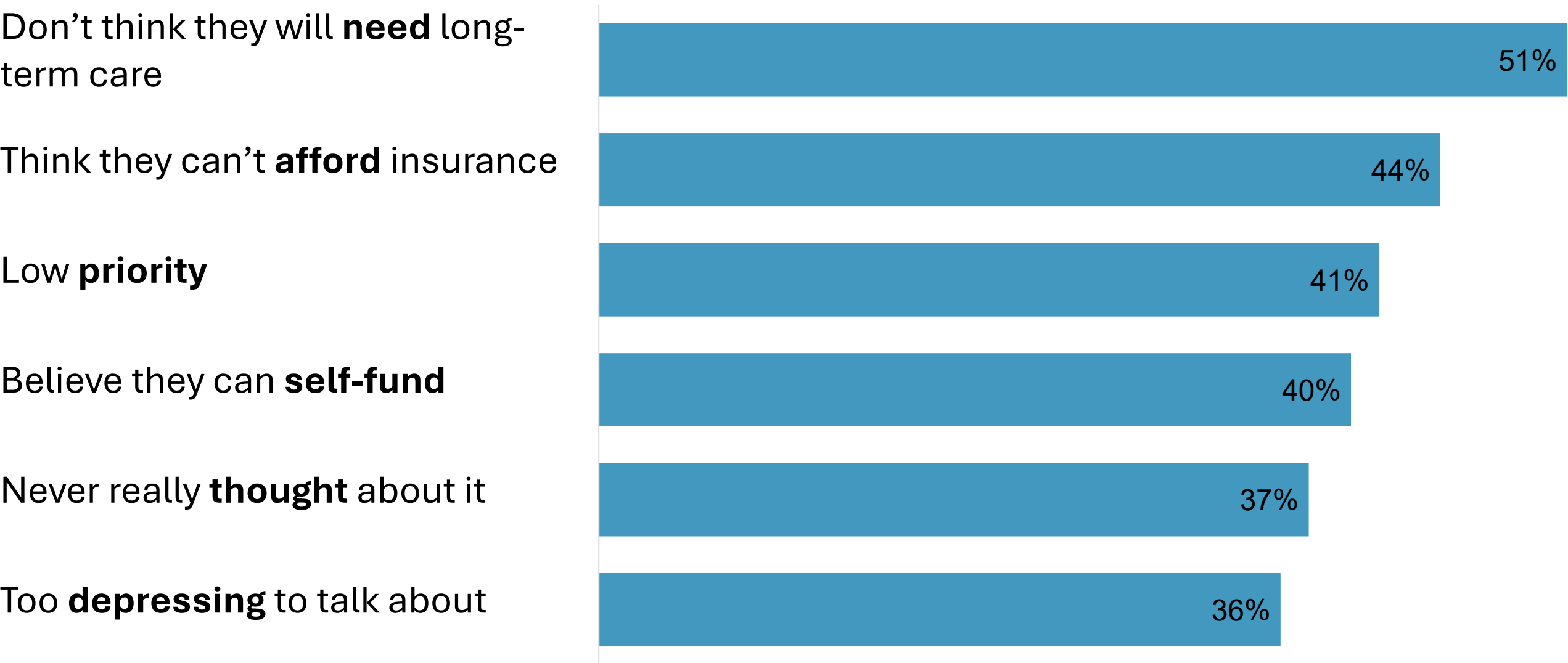


21. How important do you believe it is for families to talk about their long-term care preferences? 22. How often do you experience families in conflict over how to provide long-term care for a loved one? (n=405)

Versta Research, “2023 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers,” August 2023. For a printed copy, call 877-ASK-LINCOLN.

Financial professionals say clients think they will not need long-term care, and they push back on the affordability of insurance.

Reasons clients avoid talking about long-term care (multiple select)

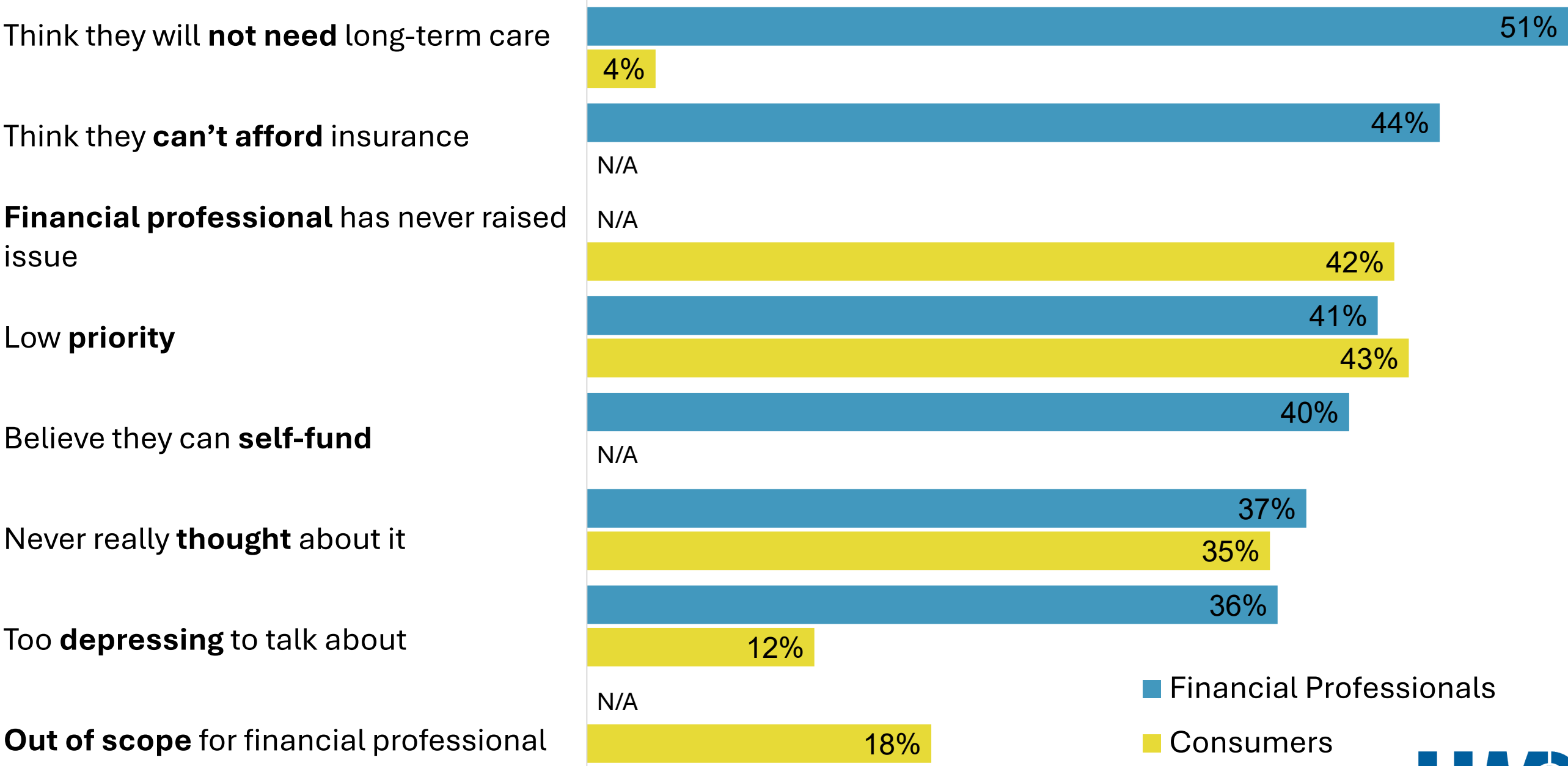


What are the biggest reasons clients may not want to talk about long-term care planning? Please select all that apply. They think they will not need long-term care; they believe they cannot afford long-term care insurance; they feel it is a low priority for them; they believe they can self-fund without long-term care insurance; they have never really thought about it; they find it too depressing to talk about; other reasons. (n=405)

Versta Research, “2023 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers,” August 2023. For a printed copy, call 877-ASK-LINCOLN.

In contrast, clients say financial professionals do not raise the issue, and it's not top of mind anyway.

Reasons clients avoid talking about long-term care (multiple select)



Financial professional 31. What are the biggest reasons clients may not want to talk about long-term care planning? Please select all that apply. They think they will not need long-term care; they believe they cannot afford long-term care insurance; their financial professional has never raised the issue; they feel it is a low priority for them; they believe they can self-fund without long-term care insurance; they have never really thought about it; they find it too depressing to talk about; other reasons. (n=405) CONSUMER 23. [IF HAVEN'T DISCUSSED LTC PLANNING WITH FP] Why have you not discussed long-term care planning with your financial professional? Please select all that apply. I don't think I will need long-term care; it is a low priority right now; my financial professional has never raised the issue; I've never really thought about it; it's too depressing to talk about; it is not a part of the services offered by my financial professional. (n=184)

4 Ways to Pay for Care



Self-fund



Family



Government



Insurance

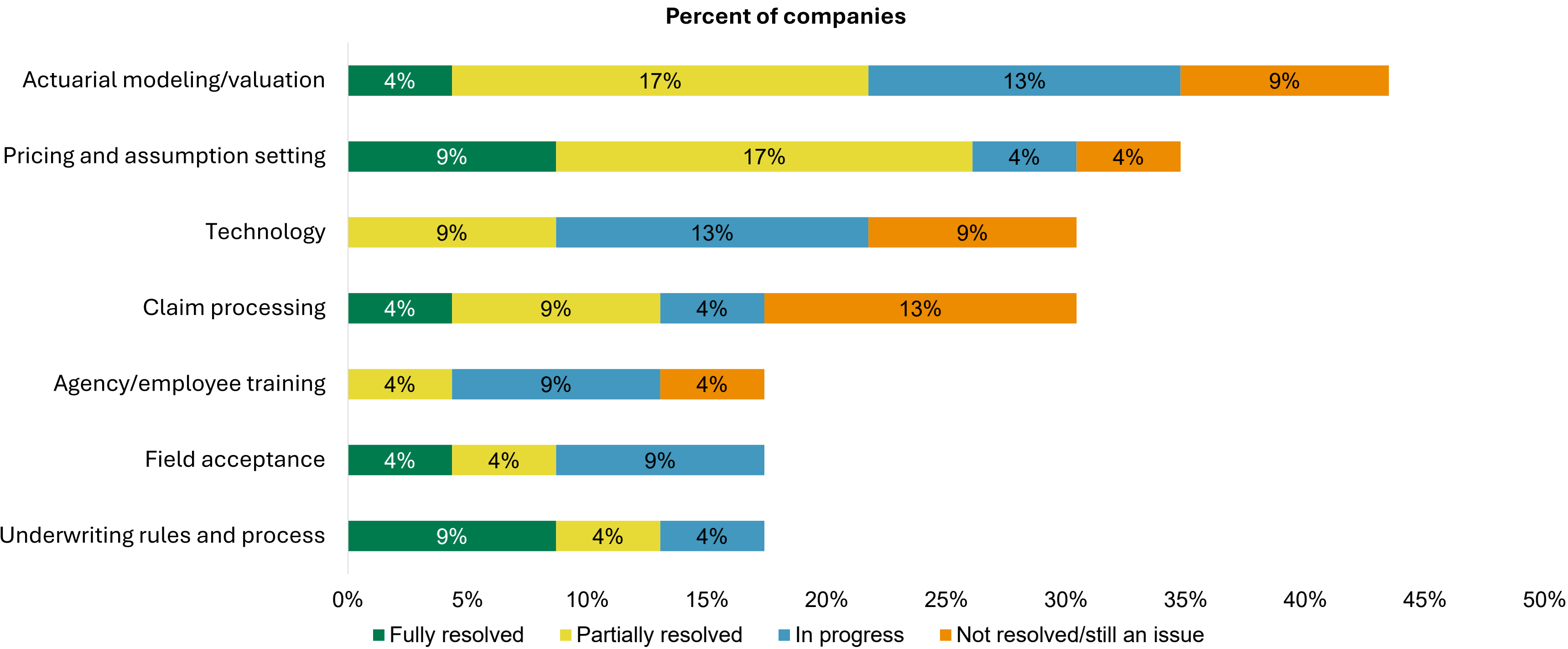
Product Options – Which One To Choose?



Let's Talk Product

- Top 2 carrier concerns
Actuarial modeling/valuation & pricing and assumption setting
- Product development process
Moderately or significantly longer for over half of products
- Why and how can we improve?

Status of Primary Concerns

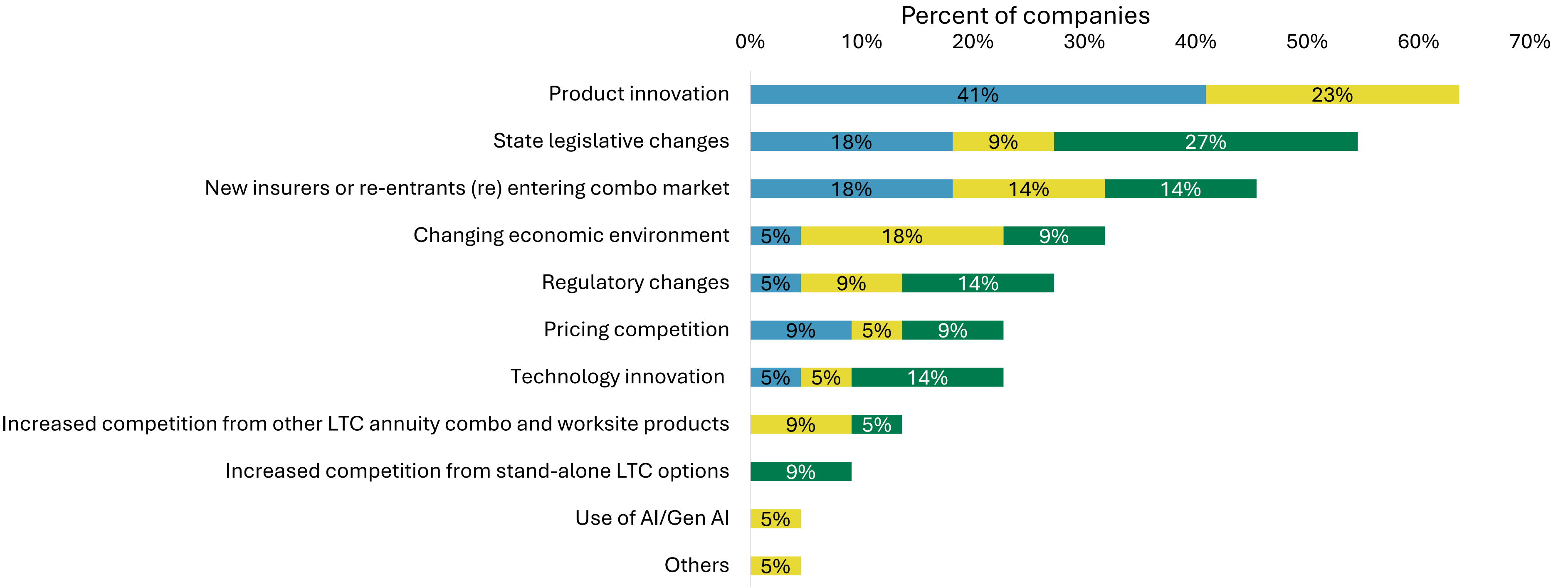


⁺Source: LIMRA/EY 2025 Combination Products Survey

Future Focus

- **Innovation**
How, where, who, what
- **Regulation**
What are we following?
- **Growing the market**
How and through/to who?

Expected Changes In The Industry (Rank The Top Three)



*Source: LIMRA/EY 2025 Combination Products Survey

We Want to Hear From You. Leave a Rating & Review.



Module Option

2025 Supplemental Health Co...

Event Feed

Agenda

Community Engagement

Conference Resources

Speakers

Attendees

Exhibitors

Sponsors

Ratings & Reviews

Leaderboard

Search

May-

Reg
10:00

Gen
02:00
↓ Sea

GS1
02:30
↓ Dur

Br:
03:30

1.1
03:45
↓ Jav

1.2
03:45
↓ Nat

1.3
03:45
↓ Del

Agenda Option

Detail

General Session – Supplemental Health Industry Overview
Date and Time

(no ratings yet)

Sean O' Donnell, LLIF

Location

Session Chat

Add To Calendar



Thank You



Navigate With Confidence



**SOCIETY OF
ACTUARIES**

Technology Pain Points

- **Distribution**
Many platforms complicates any update/change
- **Legacy systems**
Barriers to efficiency/change
- **Vendor solutions that handle life and LTC risk**
- **Where should we/are we investing?**