



Asian Actuarial Conference 2025 Bangkok

U.S. Long-Term Care

Insurance Revisited Hindsight & Transformation

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A photograph of an elderly woman with short grey hair and glasses, smiling and using a wooden cane. She is walking alongside a younger woman in a blue uniform with white buttons, also smiling. They are outdoors on a paved path with greenery and a building in the background.

Parallel Paths to Care

U.S. and Singapore in Focus

Definition

Insurance that pays for **long-term** services and supports when a person has **functional** or **cognitive** impairment.

Benefits are typically triggered by an **inability to perform Activities of Daily Living (ADLs)** or by **severe cognitive impairment**; benefits may be **cash or reimbursement**, paid at **home** or in **facilities**.

Claim triggers

Activities of daily living (ADL)



Bathing



Toileting



Dressing



Transferring



Eating



Continence/
Mobility



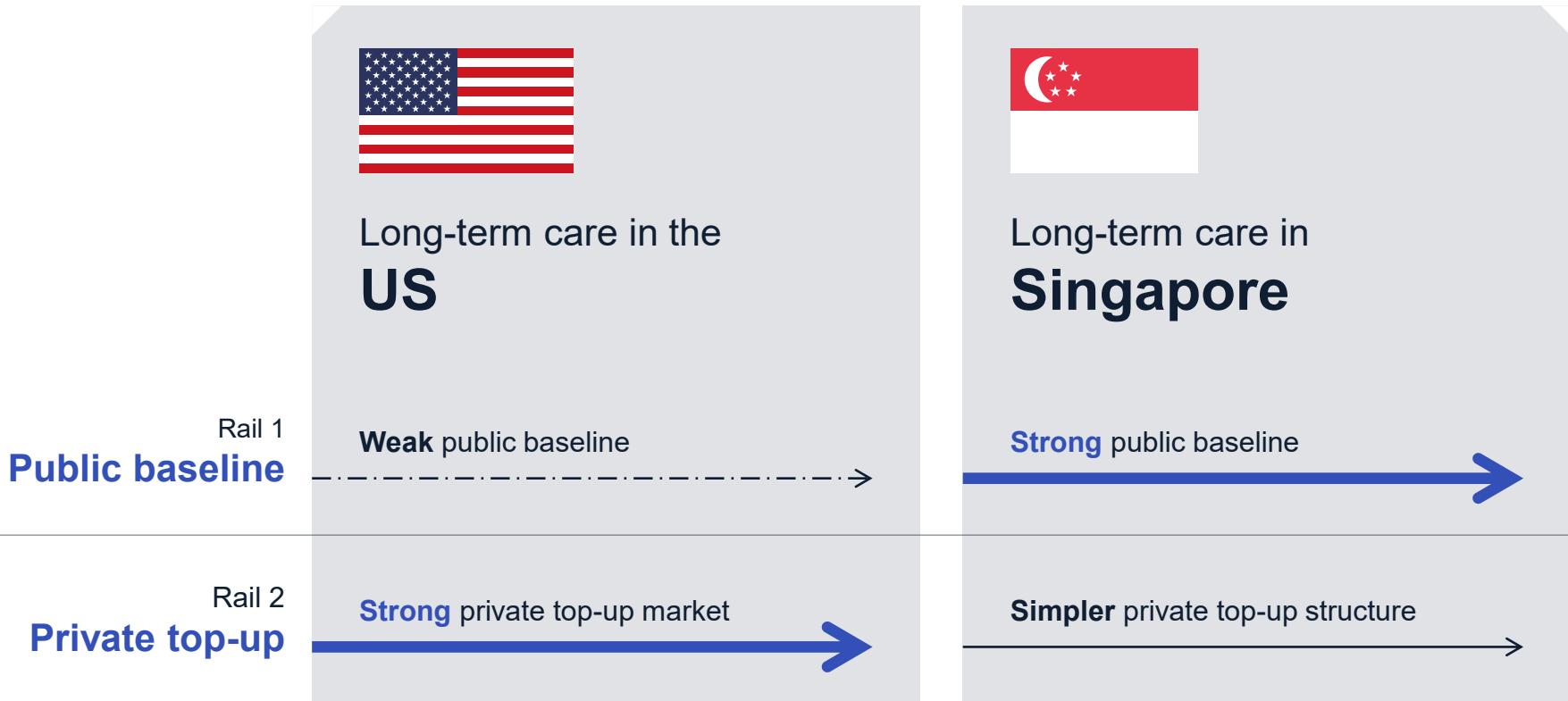
Cognitive
impairment

Eligibility

2/3 ADL
failure

... or severe
cognitive
impairment

Two Parallel Rails: Public Baseline + Private Top-up



As many Asian countries are becoming superaged societies, long-term care (LTC) insurance is gaining relevance

South Korea now officially 'super-aged' society

The Straits Times, 2024

Grappling with Japan's super-aging society

Harvard, 2024

How Singapore is preparing for a super aged society come 2026

Channel News Asia, 2024

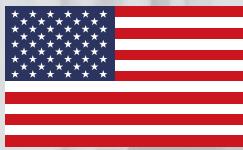
Thailand will become 'super aged' society by 2036, predicts Dept of Health

Nation Thailand, 2023

DOSM: Malaysia to become aged nation by 2040 with population over 60 set to surge

Malay Mail, 2024

Agenda



Long-term care in the
US

01



Long-term care in
Singapore

02



Takeaways

03





The evolution of long-term care in the US

01



Medicare

Short post-acute rehab

Covers short post-acute rehab windows (post-hospitalisation), not ongoing custodial care.



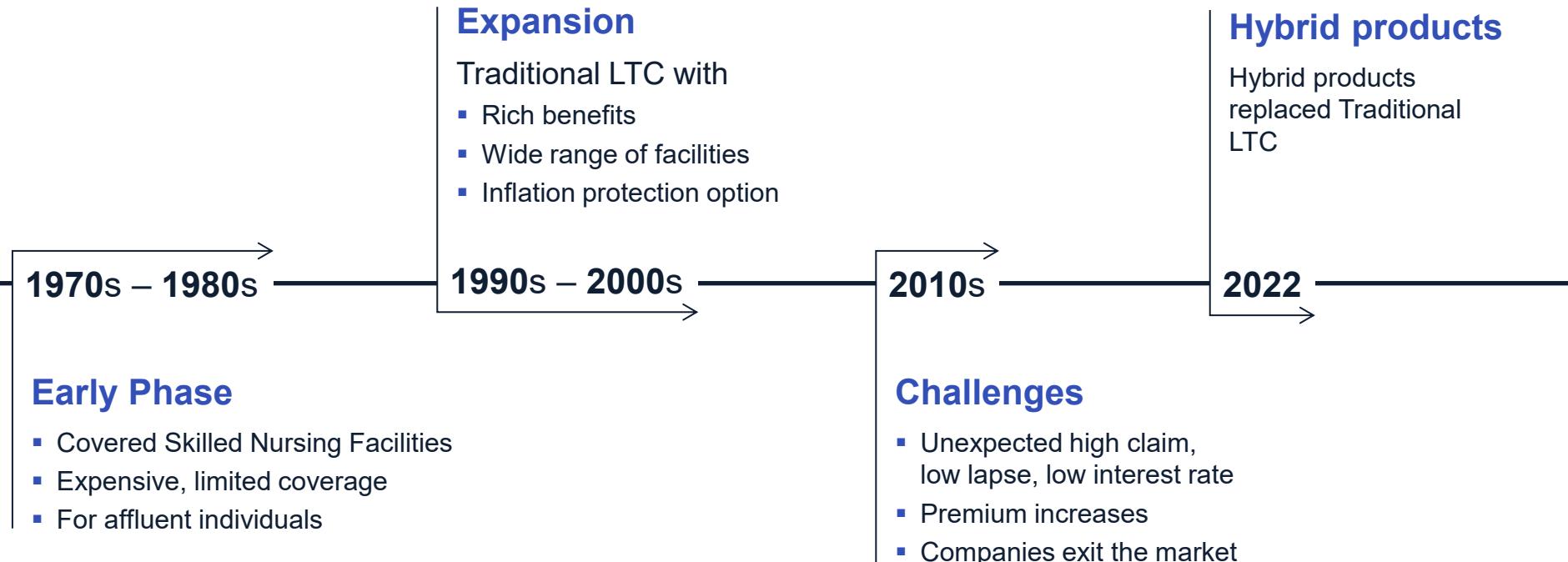
Medicaid

Long-term care

Primary payer, but only after people qualify financially and it's largely services-based.



That leaves a **planning gap**
for middle/affluent households



Traditional U.S. long-term care insurance market faced a significant setback



Policies¹

750,000

50,000

From **2002** ...

... to **2022**



Active insurers²

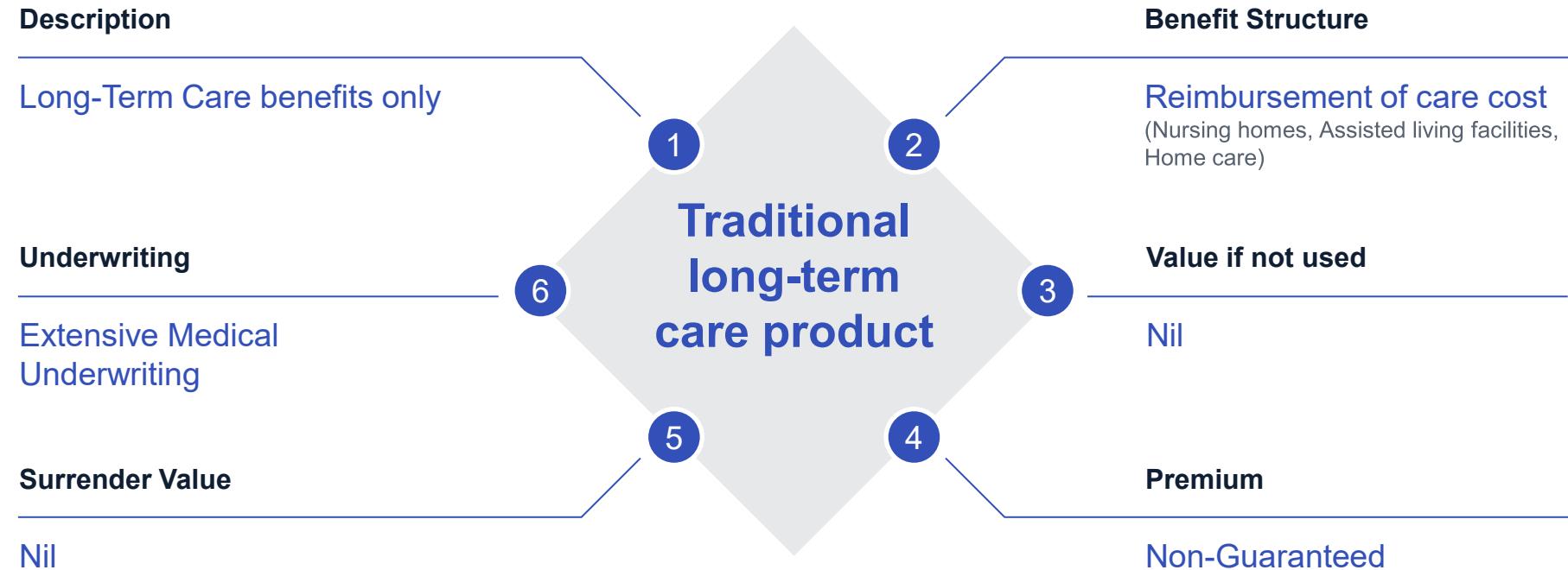
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¹ <https://prospect.org/familycare/the-collapse-of-long-term-care-insurance/>, <https://www.spglobal.com/market-intelligence/en/news-insights/articles/2023/6/us-stand-alone-long-term-care-market-contracts-slightly-in-2022-76198871>.

² <https://www.milliman.com/en/insight/could-legacy-long-term-care-blocks>, <https://aspe.hhs.gov/reports/exiting-market-understanding-factors-behind-carriers-decision-leave-long-term-care-insurance-market-1>

Traditional long-term care product: What is it?





Mispricing



Mis-regulating



Lack of experience monitoring



Lack of repricing mechanism

1

Assumptions

Inaccurate assumptions

- ▶ Incidence
- ▶ Mortality
- ▶ Lapse
- ▶ Interest rates

Severe Cognitive Impairment Definition

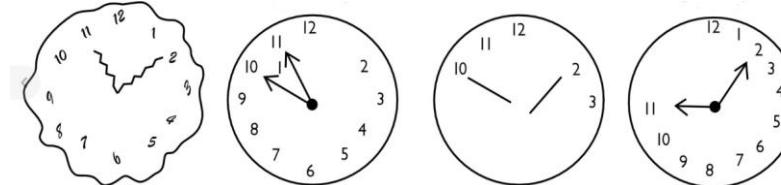
- Benefit paid when Substantial supervision is required
- Loss or deterioration in intellectual capacity: short or long-term memory, and orientation as to person, place and time, and deductive or abstract reasoning, and judgment as it relates to safety awareness.
- **In only some definitions:** Is measured by clinical evidence and standardized tests that reliably measure impairment

Standardized test examples

A. Mini-Mental State Examination (MMSE)

Maximum Score	Patient's Score	Questions
5	<input type="radio"/>	“What is the year? Season? Date? Day of the week? Month?”
5	<input type="radio"/>	“Where are we now: State? County? Town/city? Hospital? Floor?”
3	<input type="radio"/>	The examiner names three unrelated objects clearly and slowly, then asks the patient to name all three of them. The patient's response is used for scoring. The examiner repeats them until the patient learns all of them, if possible. Number of trials: XX
5	<input type="radio"/>	“I would like you to count backward from 100 by sevens.” (93, 86, 79, 72, 65, ...) Stop after five answers. Alternative: “Spell WORLD backwards.” (D-L-R-O-W)

B. Mini-Cog





Mispicing



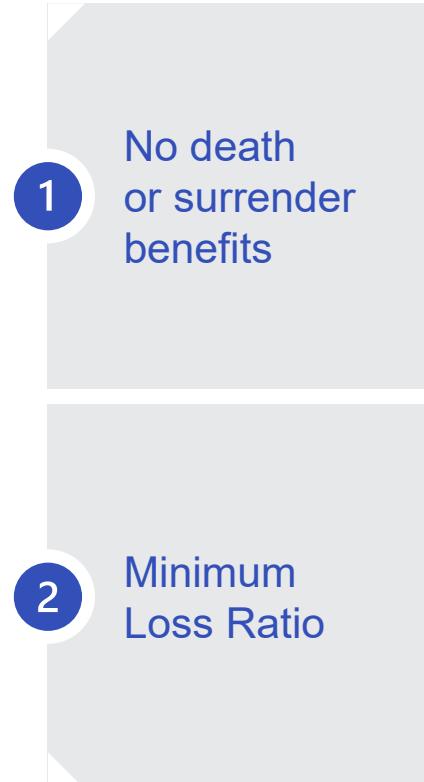
Mis-regulating



Lack of experience monitoring



Lack of repricing mechanism



Impact

- ▶ "Use-it-or-lose-it" behaviour
- ▶ Much lower lapse rates
- ▶ Pre-funding not allowed for level premium, long term product
- ▶ Single-line insurers most impacted



Mispricing



Mis-regulating



Lack of experience monitoring



Lack of repricing mechanism

1

Individual company lacks credible experience

Impact

- ▶ Too far, too late
- ▶ No time to react



Mispricing



Mis-regulating



Lack of experience monitoring



Lack of repricing mechanism

1

Complicated state regulations

Impact

- ▶ Repricing was restricted
- ▶ Companies became insolvent

Which is why new hybrid products that include long-term care as a secondary need were developed

From ...

Long-term care as primary need as a **standalone product**



Standalone (Traditional)
long-term care products

To ...

Long-term care as secondary need with **different hybrid products**



Linked-benefit
long-term care products



Life Insurance
with long-term care riders



Deferred Annuities
long-term care products

Deep dive into the hybrid products

Linked-benefit LTC products

Life insurance with LTC riders

Description	LTC coverage with Death Benefit	Death coverage with accelerating LTC benefits
Benefit Structure	2 years acceleration of Death Benefit 2-5 years extension of LTC Benefits	90% Total Accelerated Benefit 2% Monthly Accelerated Benefit
Premium	Single or Limited Pay	Regular Premium
Target Market	More senior with matured assets	Younger with regular income
Underwriting	Death: likely below NML LTC: Less extensive than traditional LTC	Death: Follow Base Plan LTC: Less extensive than traditional LTC
Value if not used	Death Benefit ROP for LTC pool	Remaining Death Benefit
Surrender Value	Limited	SV of the main policy
Premium	Guaranteed	Guaranteed



LTC in Singapore

02



Baseline Rail: Healthcare financing schemes

Public subsidies

Government subsidies

Subsidies help make healthcare services more affordable for everyone.



MediSave

Personal health-care savings

MediSave helps to pay the healthcare needs for you and your loved ones.



MediShield Life

Health insurance

MediShield Life protects you against large medical bills, regardless of your age or health condition.



CareShield Life

Long-term care insurance

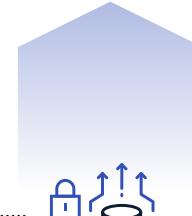
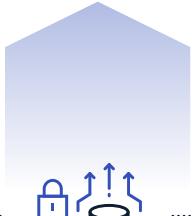
CareShield Life provides you monthly cash payouts in the event of severe disability.



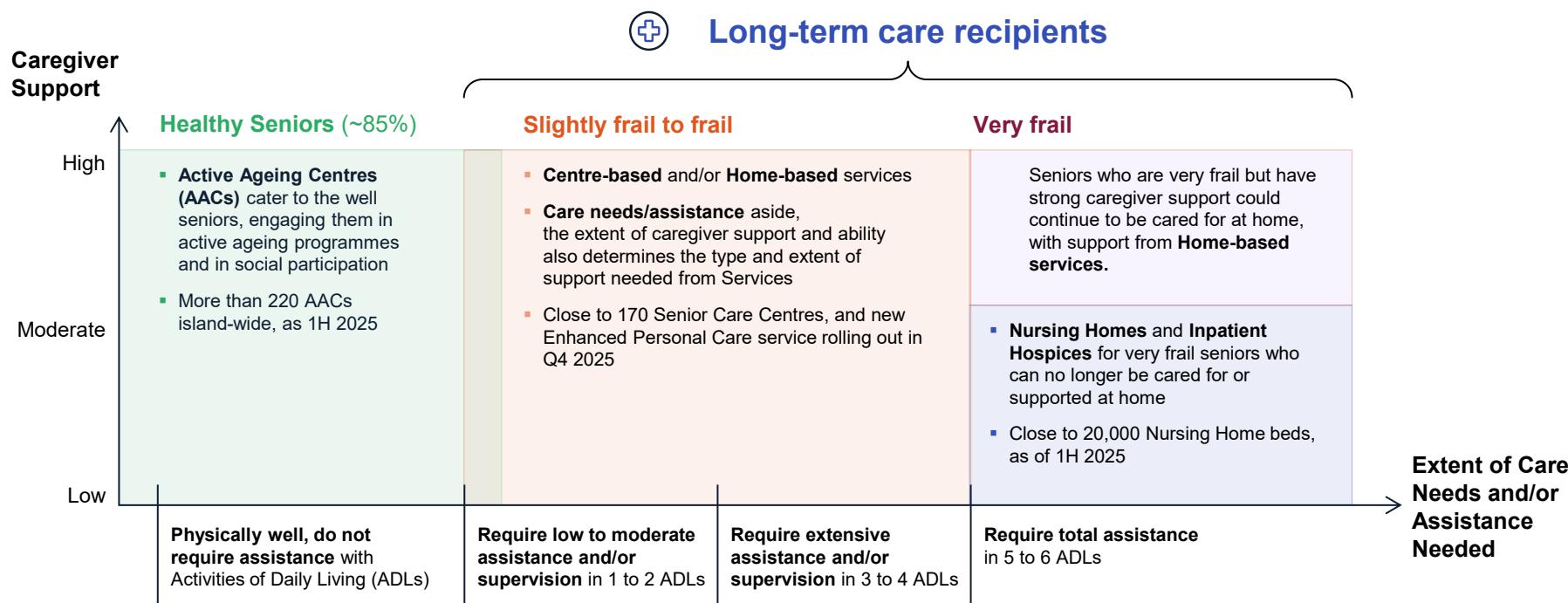
Premiums for both **Medishield Life** and **Careshield Life** can be from MediSave but there is a cap annually,

so for a lot of people, it doesn't require cash

 Potential for additional insurance



The profile and needs of Seniors differ across the spectrum, from Well to the Very Frail



Most common care: Domestic helper (cost of one is usually 1000 SGS or 800 USD)

The two Rails in Singapore LTC



Careshield Life

Careshield Life riders

Description	A mandatory, public long-term care insurance Residents aged 30 and above	Voluntary add-on, provided by 3 private insurers
Benefit Structure	Fixed monthly cash benefit (currently \$662/month, from \$600/ month in 2020) for life	higher monthly payouts, lump-sum benefits, or benefit triggers at earlier stages
Premium	Regular Premium, funded by government and individuals	Regular Premium, can be funded by Medisave
Target Market	Residents aged 30 & above	Same as base plan
Underwriting	None	Simplified Underwriting
Value if not used	Nil	Nil
Surrender Value	Nil	Nil
Premium	Non-guaranteed	Non-guaranteed

There is still a long-term care insurance gap in Singapore

Only 1 in 3 Singaporeans aged 30+ are covered with added LTC protection*

Long-term care averages S\$3,000 in monthly expenses*

... and with an ageing population, the need will only increase



The Singaporean LTC product offers better features, but limited payout

Premiums



- Premiums are non-guaranteed and increase annually until age 67
- Rates are regularly reviewed to reflect claims experience, disability and longevity trends, and updates in public and private plans.
- Initially priced and launched in a lower interest rate environment

Benefit design



- No reimbursement benefits
- Monthly fixed cash payouts only
- Relatively small benefits (from \$600/month in 2020), with limited indexing

Claims management



- Base plan fully administered by the government
- Consistent claims assessment using standard guidelines
- Benefits subject to government approvals

Regulatory requirements



- Automatic enrollment into CareShield at age 30 (for those born 1980 or later)

03

Takeaways





- + **Flexibility**
- + **Adequacy**



- + **Affordability**
- + **Equity**
- + **Simplicity**

IP 1



The incidence of a claim and resulting loss must be **measurable** and **definable**.

Can we objectively determine if a claim event has occurred?

IP 2



The claimant should **not have a financial incentive** to claim or remain on claim.

Will the claimant be "better off" as a result of the claim?

IP 3



The incidence and amount of the potential loss should be **random** and **not unduly subject to influence** by the insured, medical or legal interpretations or economic conditions.

Can the outcome of a claim be influenced by external factors?

IP 4



The risk should be **measurable using statistics**, and past-experience. If it is a new risk, then apply appropriate risk mitigation.

Do we have enough experience data to confidently price future risks?

IP 5



It must be possible to charge a **sufficient premium** to cover all expenses.

Is the pricing sustainable?

IP 6



The premium should be **commensurate with the risk**.

Are there cross-subsidies?

IP 7



The insurer must be able to effectively **manage the portfolio** of risk over time.

Are there any regulation, operational or administrative barriers?

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