

Recent trends in whole life insurance riders in Washington State

OFFICE of the
INSURANCE
COMMISSIONER
WASHINGTON STATE

What is a Life Policy with Long-Term Care Rider?

- A Life Insurance Policy with Long-Term Care Rider is an insurance policy covering the life of the insured with an additional coverage rider providing benefits for long-term care through an acceleration of the policy's death benefit.

What is an Accelerated Death Benefit?

- Per WAC 284-23-620, an Accelerated Death Benefit means:
  - Benefits payable to the insured under an individual or group life insurance policy in anticipation of death or occurrent of certain specified life threatening, terminal or catastrophic conditions through a reduction of the death benefit otherwise payable under the life insurance policy
  - Payable upon the occurrence of a single qualifying event

Accelerated Death Benefits vs LTC Riders

Accelerated Death Benefit

- Typically paid in a lump sum
- Does not condition the benefits or the eligibility for the benefits upon the receipt of long-term care (cognitive impairment or loss of functional capacity)
- Compliance with Chapter 48.83 RCW & Chapter 284-83 WAC not required
- Not required to be filed as a Long-Term Care policy with the Office of Insurance Commissioner

Life Policy with LTC Rider

- Not paid in a lump sum but in installments as care is provided
- Benefit eligibility requires diagnosis of cognitive impairment or loss of functional capacity
- Rider must comply with all requirements of Chapter 48.83 RCW and Chapter 284-83 WAC
- Must be filed with the Office of Insurance Commissioner as a Long-Term Care policy

Policy counts nationally and statewide 2020 vs. 2021

Policy Type	National		Washington	
	2020	2021	2020	2021
Life LTC Hybrid	977,957	1,192,338 ▲ 214,381	16,256	130,762 ▲ 114,506
Stand-Alone LTC	3,609,775	3,600,176 ▼9,579	102,445	204,489 ▲ 102,044
Annuity LTC Hybrid	879,339	989,802 ▲ 110,463	1,083	1,138 ▲ 55

- Washington state saw drastic increases over 2020 in both Life LTC Hybrid policies (▲704%) and Stand-Alone LTC policies (▲100%).
- Washington state was responsible for more than half of all national growth in Life LTC Hybrid policies.
- Annuity LTC Hybrid polices remain the least popular option with WA consumers and didn't see significant increases in WA.

Resources

- What qualifies as long-term care insurance?
  - https://www.insurance.wa.gov/what-qualifies-long-term-care-insurance
- Long-term care insurance companies approved to sell in Washington state
  - https://www.insurance.wa.gov/long-term-care-insurance-companies-approved-sell-washington-state
- Publications
  - Long-term care options workbook [PDF]
    - https://www.insurance.wa.gov/sites/default/files/documents/long-term-care-workbook_0.pdf
  - Consumer's guide to: Buying long-term care insurance [PDF]
    - https://www.insurance.wa.gov/sites/default/files/documents/long-term-care-guide_3.pdf

Questions?

Ned Gaines
Forms Compliance Manager
Rates, Forms, and Provider Networks
Ned.Gaines@oic.wa.gov

M. Todd Dixon
Deputy Insurance Commissioner
Consumer Protection
Todd.Dixon@oic.wa.gov

Connect with us!

- Facebook: https://www.facebook.com/WSOIC
- Twitter: https://twitter.com/WA_OIC
- www.insurance.wa.gov