



AMERICAN  
COUNCIL  
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INSURANCE

1001 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20004-2599

*ACLI*

## **LONG-TERM CARE INSURANCE**

Consumer Tips  
and Checklist

<http://www.acli.com>

### **Consumer Tips**

#### **Shopping for Long-Term Care Insurance**

- Take your time when making a purchase and ask for outlines of coverage so you can compare the features of several policies.
- Make sure you fully understand what the policy covers. Call the agent or insurance company if you have any questions.
- Make sure the company is licensed in your state. Also, look for a company that is reputable, consumer-oriented, and financially strong. A number of insurance rating services rate the financial strength of companies. Such information can be obtained from your agent or from public or business libraries. Rating agencies include A.M. Best Company, Standard & Poor's Insurance Rating Services, Duff & Phelps, Inc., Fitch Investors Service, Inc., and Moody's Investor Services, Inc.
- Always answer questions about medical history and health carefully and truthfully.
- Be sure your application has been filled out accurately. Promptly notify your agent or company of errors or missing information.
- Pay with a check or money order made payable to the insurance company, not with cash. Be sure to get a receipt.

- Be sure to get the name, address and telephone number of the agent and the company.
- Always check to see the date the insurance becomes effective.
- Contact the company or agent if you don't get your policy within 60 days.
- After you have purchased an insurance policy, keep in mind that you likely have a "free-look" period, usually 30 days after you receive the policy, during which you can change your mind. During that period, read your policy carefully. If you decide not to keep it, the company will cancel the policy and give you an appropriate refund.
- Consider having the premium automatically taken out of your bank account so you won't lose your coverage if a short illness or accident prevents you from paying your premium.
- If you have a complaint about your insurance agent or company, contact the customer services division of your insurance company. If you are still dissatisfied, contact your state insurance department. Look for a listing for your state insurance department in the state government section of your local telephone book.

## Consumer Checklist

### Long-Term Care Insurance Policy

Shop around when considering long-term care insurance and make sure you understand all of your options before purchasing a policy. No matter what features you select, long-term care insurance can make sure your lifetime savings and your family's financial security are protected from the costs of long-term care services.

This checklist can help you compare the policies offered by various companies.

Company name \_\_\_\_\_

Telephone \_\_\_\_\_

### What a Policy Covers

Policies differ in the range of services they cover. You can choose the services that best meet your particular financial and lifestyle goals. This policy covers:

- Home and community-based support services, such as personal care services, home modifications, caregiver training, adult day services, and assisted living.
- Nursing-home care. For those who need skilled nursing care or 24-hour supervision, a nursing home may be the best choice.

### How You Receive Benefits

Policies differ in the way they pay for long-term care services. With this policy, you receive benefits:

- As a fixed daily payment.
- As reimbursement for the cost of care, up to the policy's daily maximum for a specific setting (for example, \$100 per day for nursing-home care or \$50 per day for home care).
- Out of a "pot of money" in what is known as an integrated plan. You can choose to receive payment for either nursing-home care or home and community-based care out of your daily benefit.

### **How Much Insurance To Buy**

Policies can provide benefits for different lengths of time (i.e., one year to lifetime). To determine the amount of insurance you will need, consider the **benefit period**. For this policy, what is the maximum lifetime benefit for:

\_\_\_\_\_ Home and community-based care.

\_\_\_\_\_ Nursing-home care.

\_\_\_\_\_ Total lifetime limit.

### **Daily Benefit Amount**

The amount of money the insurer will pay for each day you are eligible for services varies among policies. You can also find policies that have weekly or monthly maximums. Policyholders are responsible for any costs incurred above their benefit levels. In this policy, what is the daily benefit amount for:

\_\_\_\_\_ Home and community-based care.

\_\_\_\_\_ Nursing-home care.

### **Waiting Period**

In many policies, you can select the length of the waiting period, which determines how soon you can receive benefits and can range from zero to 180 days. The longer the waiting period, the lower the cost of the policy. Think about the cost of various services, and determine how long you could afford to pay for services before your insurance policy starts covering the costs. What is this policy's waiting period for:

\_\_\_\_\_ Nursing-home care.

\_\_\_\_\_ Home and community-based care.

### **Eligibility for Benefits**

Various "benefit triggers" are used to decide when you will be eligible to receive benefits. In this policy, eligibility for benefits is based on:

\_\_\_\_\_ The number of ADLs (activities of daily living) you need help with, such as bathing, eating, moving from place to place, toileting and dressing.

\_\_\_\_\_ Cognitive impairment (such as Alzheimer's).

### Protecting Your Benefits

Inflation protection ensures that your benefits will keep pace with inflation. Does the policy offer this protection?

Yes  No

Is inflation protection an automatic part of this policy?

Yes  No

Or can you buy additional coverage at specific, stated intervals?

Yes  No

A nonforfeiture benefit ensures that some portion of your benefits will still be available to you if you cancel your policy or let it lapse.

Does the policy offer this benefit?

Yes  No

Is nonforfeiture an automatic part of this policy?

Yes  No

Or is nonforfeiture an additional benefit?

Yes  No

### Qualifying for Tax Deductions

For policies that are federally tax-qualified, benefits are not taxed as income up to certain limits. In addition, part or all of your premiums may be tax-deductible if you meet specific requirements.

Your state also may offer tax deductions or credits for long-term care insurance premiums.

Is the policy you are considering tax-qualified at the federal level?

Yes  No

Is the policy tax-qualified at the state level?

Yes  No

### Ways To Save on Policies

If you are married and you and your spouse both buy policies, you may receive a discount. Does the policy you are considering offer any discounts?

Yes  No

After you have received long-term care services for a certain period of time, most policies waive payment of premiums while you receive benefits. Does the policy have a “waiver of premium” benefit?

Yes  No