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**NCOIL DELVES INTO ALLEGED ABUSES IN THE  
LONG-TERM CARE INSURANCE MARKET**

**Seattle, Washington, July 27, 2007** — Spurred on by a March 26 *New York Times* article regarding alleged abuses in the long-term care insurance market, the National Conference of Insurance Legislators (NCOIL) Health, Long-Term Care & Health Retirement Issues Committee here began its investigation into whether current long-term care insurance regulation adequately protects consumers.

Committee Chair Representative Susan Westrom (KY) said, “Our panel discussion provided a glimpse into alleged abuses in the long-term care insurance market, and solutions to further protect consumers. We will continue to examine this vital issue to ensure that our constituents are protected from abusive practices.”

Panelists included Guenther Ruch of the Wisconsin Department of Insurance, Donald Walters of the Insurance Marketplace Standards Association (IMSA), John Gerni of the American Council of Life Insurers (ACLI), and Martin Mitchell of America’s Health Insurance Plans (AHIP). Consumer advocate Bonnie Burns of the California Health Advocates (CHA) submitted testimony for Committee consideration.

Ms. Burns, in her testimony, cautioned that states could do more to protect consumers, particularly in regards to Long-Term Care Partnership Programs that permit an individual to protect assets when applying for Medicaid equal to the amount of benefits paid by an insurer. She said, “State Medicaid programs should draft verbatim disclosure documents that describe asset protection, estate recovery rules, the state’s Medicaid eligibility rules, and the implications of moving to another state and require companies and agents to use them as a condition of selling and issuing a qualified Partnership policy.”

Mr. Ruch, who attended as a representative of the National Association of Insurance Commissioners (NAIC), provided a background of the long-term care insurance industry, and updated members on protections included in an NAIC *Long-Term Care Insurance Model Act* that seek to prevent abuses.

Mr. Gerni and Mr. Mitchell expressed support for the NAIC model act, and informed members that the abuses referenced in the article were aberrations from, not examples of, industry-wide practices. Mr. Walters informed members that to prevent future abuses, IMSA may begin drafting quality standards related to long-term care insurance.

The *New York Times* article raised issues related to arbitrary denials of benefits, unaffordable premium increases, and insufficient inflation protection. It cited a California Department of Insurance investigation that reported that 25 percent of all long-term care insurance claims were rejected in the state in 2005.

The NCOIL Summer Meeting was held July 18 through 22 at the Sheraton Seattle Hotel & Towers. The NCOIL Annual Meeting will take place from November 15 through 18 at the Rio All-Suite Hotel & Casino in Las Vegas, Nevada.

NCOIL is an organization of state legislators whose primary focus is insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at [www.ncoil.org](http://www.ncoil.org).

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