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NEWS

Illinois Department of Insurance

FOR IMMEDIATE RELEASE:

Wednesday, February 20, 2013

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State Moves to Cap Long Term Care Insurance Premium Rates

HB 2333 reforms will protect seniors from skyrocketing annual rates

CHICAGO – February 20, 2013. Illinois Department of Insurance (DOI) Director Andrew Boron today announced the department's effort to protect long term care policyholders. DOI, with help from State Representative Robyn Gabel (18th District - Evanston), has proposed HB 2333 which calls for a 15% annual cap on a premium rate for a policyholder's Long Term Care Insurance. Long term care (LTC) refers to the services and supports provided to people who need assistance with basic activities, such as bathing and dressing, because of chronic physical illness, or disabling conditions such as dementia. To offset the high costs associated with long term care, many people purchased insurance coverage. These policies were originally sold as having "level" premiums that would not increase based on age or health situation. Now, the policyholders who have been paying for a decade or more are shocked to receive notice that their monthly premium has skyrocketed – as much as 200%.

"State regulators have no discretion to limit premium increases if the rate filing meets standards, so we set out to change the law to further protect consumers. This proposal would impose a 15% cap on rate increases on all existing and future long term care premiums, regardless of age or benefit configuration," said Director Boron. "And I want to thank Representative Gabel for her support of our effort to change the law."

"Insurance companies did not break the law when they decided to raise rates, but it seems unconscionable to charge such exorbitant amounts of consumers who are often retirees living on a fixed income. Policyholders say they had only two devastating choices - either find a way to pay up now or face the possibility of not having long term coverage when you need it. House Bill 2333 will help prevent this type of devastation," said Representative Gabel.

Long term care services and support are provided in a variety of settings – in homes, in community settings such as adult day centers, and in institutional settings, such as nursing homes and assisted living facilities. It is estimated almost 10 million people in the United States need long-term care services and supports, and about six million of them are ages 65 and older.

About the Illinois Department of Insurance

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowner. Consumers who have any questions or concerns about their insurance may contact the Department's Consumer Division at <http://insurance.illinois.gov> or call 866-445-5364.

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