



Long Term Care: Industry Perspective

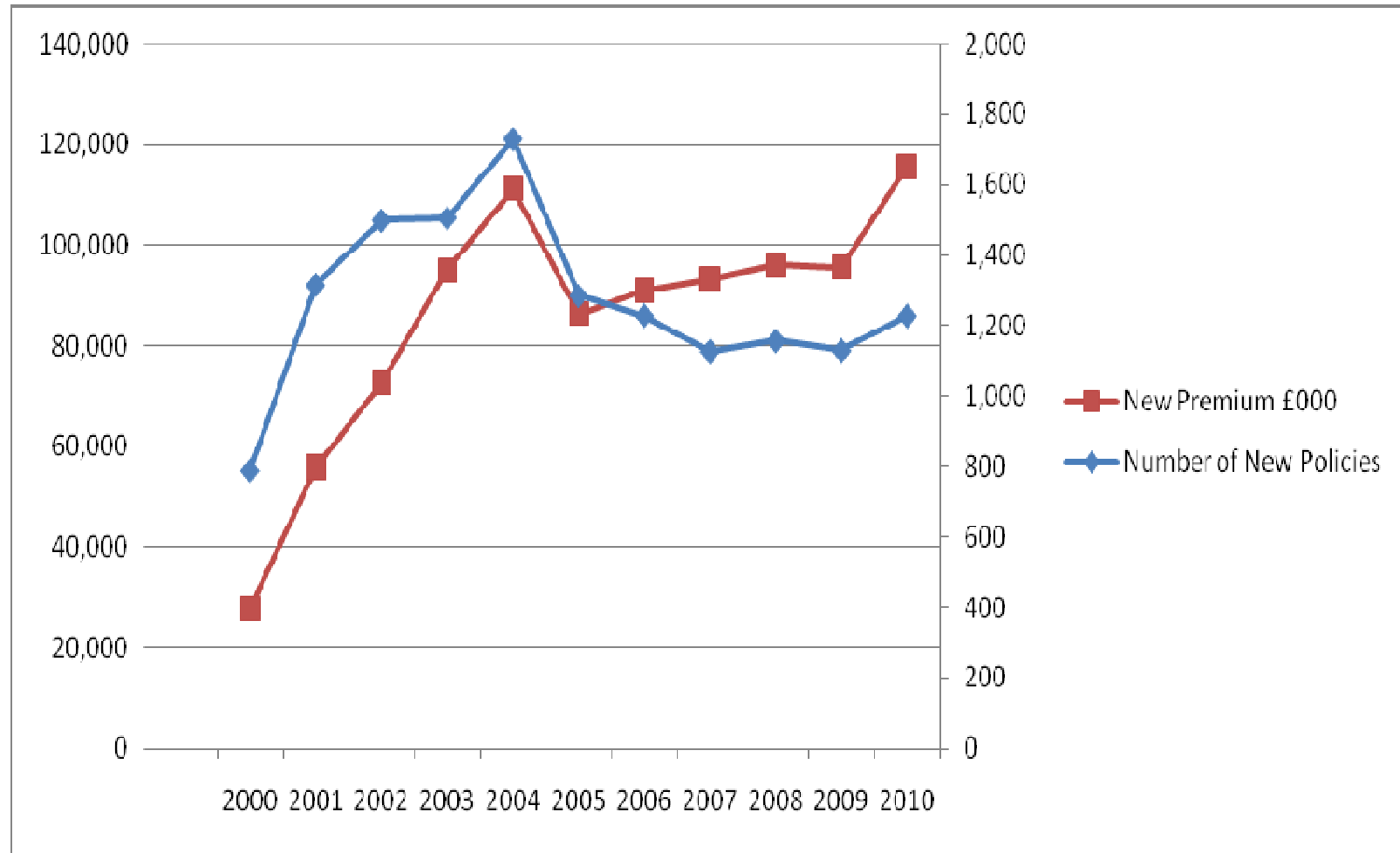
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A Berkshire Hathaway Company

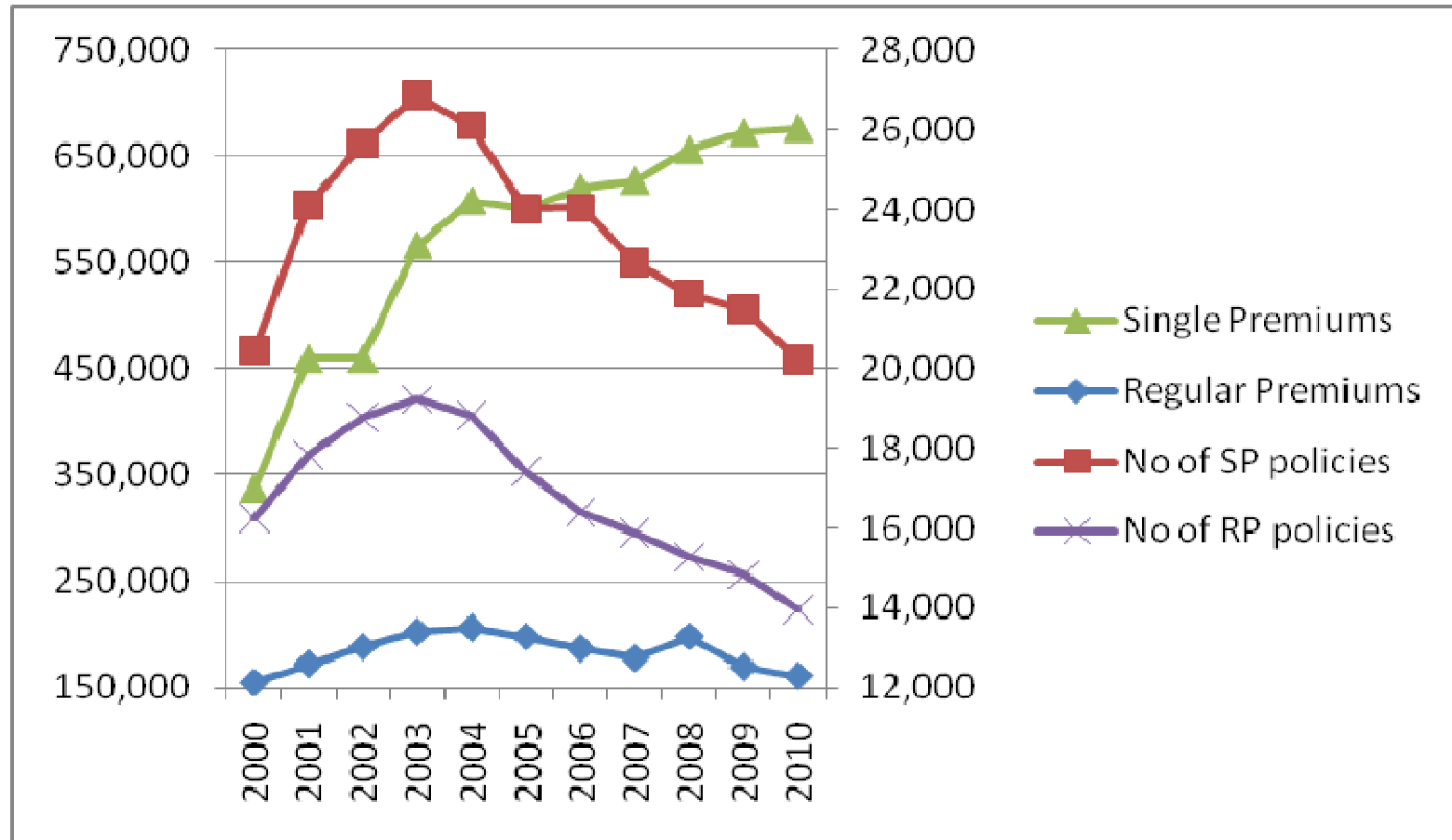


- **LTC market in the UK**
- **Brief look at LTC in other markets**
- **New products**
- **Ideal environment**

ABI New Business (2010)



ABI In-Force (12/2010)

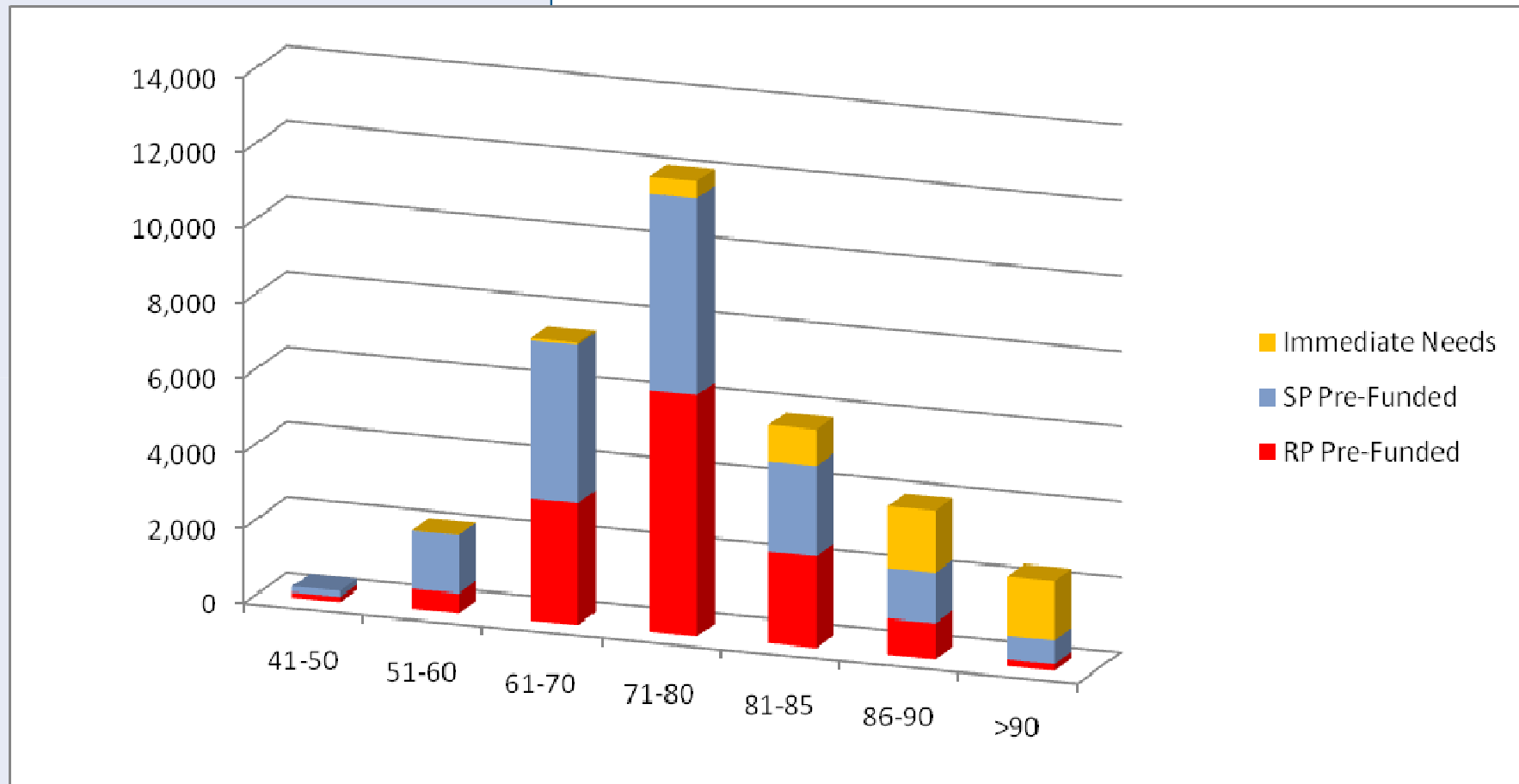


Some more numbers



- > New policies in 2010: **1,228**
- > New policies in 1998: **7,000**
- > In force end 2010: **34,000**
- > In force at its peak: **46,000**
- > Claims in payment: **£100m** per annum
- > Only **2** providers of LTC products currently

In force (12/2010) by age group



Source: ABI Statistics



- Reviewable premiums
- All-or-nothing products
- Postcode lottery for LA funded care
- Stringent qualification requirements

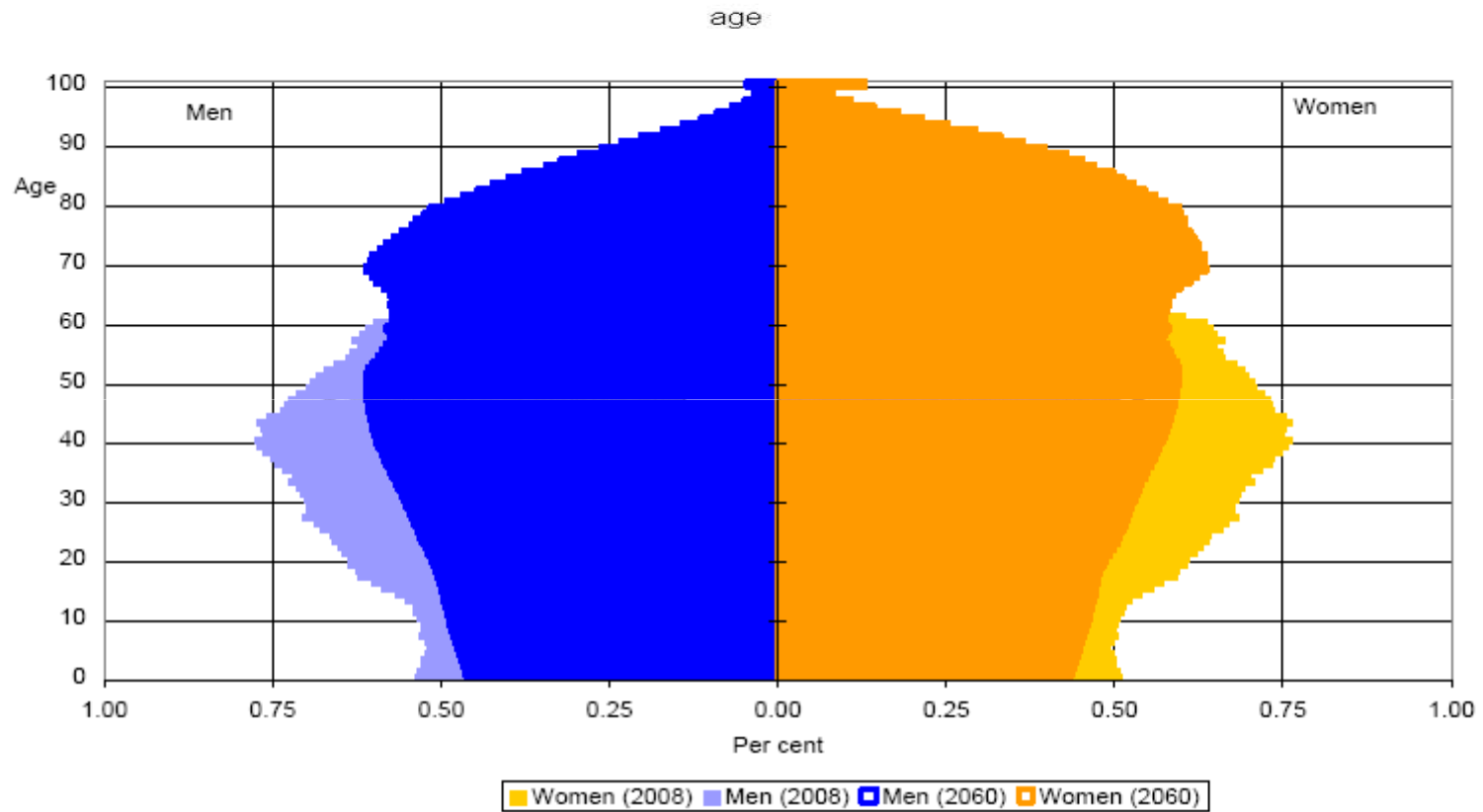
Other countries



Size of opportunity



Estimated and projected UK population mid-2008 and mid-2033



Source: Eurostat, EUROPOP2008 convergence scenario



- > Products for those needing care: next five years say:
 - Immediate needs annuities
 - Equity release combination products
- > Competition: Universal Deferred Payment Schemes, death taxes, self fund
- > BUT ignorance of available options
- **IDEAL ENVIRONMENT:**
 - **Compulsory signposting and guidance for self funders on their care and financing options**
 - **Regulation of UDPS**

Even more numbers....



> Current market:

45,000 self funders

7,000 seek financial advice

1,228 INAs



- > General consensus: use pension assets
- > National Employment Savings Trust: hoping to enrol 6m employees by 2017 / £150bn in assets
- > Product: disability linked annuities
- **IDEAL ENVIRONMENT:**
 - **tax laws to change to allow pension assets to be used to purchase LTC.**
 - **For all annuities to be disability linked?**



Past history

- Reviewable premiums
- All-or-nothing products
- Postcode lottery for LA funded care
- Stringent qualification requirements

Potential solutions

- Lump sum products
- Double triggers:
 - Prefunded LTC with death benefit
 - WOL with LTC accelerators
 - LTC ISA
 - Joint Life
- **IDEAL ENVIRONMENT: fair and consistent national assessment framework**

Dilnot Recommendations



Report of the Commission on Funding of Care and Support:

- Introduction of consistent **national assessment** criteria
- Better **information** and **advice** to be made available
- A major campaign promoting **awareness** of the system
- A cap of £35,000 total **contribution** from the **individual** (25K to 50K) – cost of £1.7bn

What's missing?



- > **Government message / campaign to increase awareness**
- > **www.3in4needmore.com**
- > **And....credit for doing the right thing.....**

Questions

