

The “Perfect Storm” - Long Term Care Insurance

If you have browsed through our website you know we talk about the “Perfect Storm” benefiting you in connection with group disability insurance. That “Perfect Storm,” brewed a bit differently, has moved into the Long Term Care (LTC) insurance arena.

You know all too well the need for LTC coverage - for you, your fellow employees, partners, et al. You also know that LTC coverage is not just protection for the elderly, as so many accident and ill stricken people are eligible for benefits under these policies well before they are considered “elders.” Finally, you are probably aware that many law firms offer LTC insurance, but only a handful of partners and employees elect more coverage. This is very shortsighted because if you wait until you’re close to the time you’re likely to need it, LTC coverage becomes very expensive very quickly.

Compared with the potential cost of care, LTC coverage is a *deal*, which gets me into why we are in the midst of a “Perfect Storm.” Right at this moment, carriers are making the choices of protection far less onerous than they ever have previously. There exist simplified offers that are easier to understand and less costly to distribute. That economy is being passed down in the form of lower rates from some. Other carriers are offering “cash reimbursement” policies which take LTC coverage to new heights. Tax deductibility has been added to the benefit list of maintaining such coverage. Certain states are passing laws that actually provide assistance to those who purchase LTC policies and subsequently have claims. Bills passing through our Congress have raised the level of consciousness about care and who (and how they) will pay. Other carriers have dropped out of the “group” market and now concentrate on just individual policies.

Wow! There is a lot going on in just this one area, and nearly all changes offer benefits to the group and/or policyholder. Whether you have group contracts in place or just assembled some individual policies, now is the time to re-look and see what you have. Let's see what pricing and benefit enhancements you can acquire during this “Perfect Storm.” I think you'll see both enhancements plus an increased level of participation within your firm.

Happy & Healthy New Year!

Happy & Healthy New Year wishes from all of us at ProLawInsurance to you and all in your firm. I look forward to connecting with you in 2010 to bring some cheer and support. ProLawInsurance – national in scope with localized service to you.

Short Term Disability – Take the Risk or Not?

The approaches to protecting Short Term Disability (STD) risk vary greatly. Tolerance, philosophy and understanding of this risk differ from law firm to law firm. Current disability market and loss trends should cause a re-examination into how and why to protect this exposure.

Loss experience and forecasting is indicating that our economic and “flu” times can increase the incidence rate of STD claims. Depression, anxiety and illness can all lead to higher absence levels and therefore potentially more STD claims.

Market variances are truly interesting. Let’s just mention the fact that *some* insurance carriers believe that Long Term Disability (LTD) insurance risk is impacted negatively by the group having STD in force. This is borne out of the belief that STD claims mature into LTD losses at an increased rate. Some carriers even increase their LTD rates when the a request for STD coverage is proposed to them at the same time. Still others believe that a managed risk from the onset is better than none.

From self-insured/administered, to administration services only (ASO), to pay-advance, to fully insured, et al, the options and practices vary widely. Today’s times and rulings (i.e. MetLife v. Glenn) should make you pause and look at what you do currently and have done historically. Thoughtful plan designs and classing can make all the difference in the world as it helps create many different rate/cost scenarios.

ProLawInsurance recently proposed a fully insured plan to a group where the paid premiums would be less than what the cost (to the firm) would have been if there was just ONE STD benefit duration claim over the next 4 years. Yikes, are rates just that low or is ProLawInsurance that good? Maybe both. Call us.

New! Disability Contract Provision Corner

When is Adding 3 Months to Pre-Ex Good?

Most firms would agree that adding months to the pre-existing conditions limitations exclusion (pre-ex) is not good. Generally, it extends either the period when conditions could be considered pre-existing or the period that an employee must be covered before that condition results in a disability.

But.....there is a little used pre-ex option that adds a “3 months in the middle” clause, **and that is very good!** By adding 3 months of what is called a “treatment free period” to the pre-ex, employees are allowed a 9 month earlier escape clause if they are not treated for that pre-existing condition.