



CALIFORNIA HEALTH ADVOCATES
Medicare: Policy, Advocacy and Education

NAIC 2026 Spring Meeting Senior Issues Task Force

Hybrid Life and Annuities Have Out Grown The NAIC LTCI Model

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Complex Life and Annuity Products

- Variaty of names or designations
 - Hybrid life or annuity
 - Combo “combination” products
 - Asset based life or annity
 - Guaranteed living benefits
- Product variations
 - Term life, whole life, universal life
 - Annuities, immediate, deferred
 - Fixed , variable, indexed
 - Investment options

Life, Annuities and Long Term Care Expense

Multiple riders, add-ons, options, attachments to pay for LTC expenses

- Accelerated death benefit
 - Can be tied to a qualifying chronic, or terminal illness
- Chronic illness (§101g) can't be LTC
- Extension-of-benefits
- Long term care (§7702B) consumer expectation
- Return of premium, death benefit option
- Consumers and two for one strategy
 - “If I don't use one I still have the other “
 - Complex products and benefit combinations few understand
 - Actual returns may be less than expected

Consumer Confusion and Hybrid Policies

- A phone call from a 68 year old woman wanting “information about long term care:”
- “I have a life insurance policy that pays for long term care and if I don’t ever need it my family will get the money when I die.”
- How much does your policy pay if you need long term care? **I Don’t Know**
- How long will your benefits last if you need care? **I Don’t Know**
- Does your benefit stay the same or increase each year?
 - **I think so, but I don’t remember how or how much’**
 - **My agent told me, but there were just so many papers and I signed a lot of them. I think I get \$100,000 to pay for care or my family gets it if I die.**

Regulatory Review

- Review the current LTCI model to identify any regulatory gaps related to current product design, structure . Benefits, and related combinations.
- Consider whether the current Model should be amended or a new Model created to reflect evolving products., benefits, and related combinations
- Consider whether the current Model adequately addresses clarity of benefits
- and interaction between combined products.
- Ensure consumers receive clear, comprehensive information and disclosures.
- Ensure consumers can understand each layer of benefits, risks, and trade-offs of interrelated product benefits

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