

# Stepping into the International Market

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LTC International Forum

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# International Market

## Two Kinds

- Long Term Care Insurance sold in the US for possible use abroad

- Long Term Care Insurance sold abroad for use abroad

- Corporate review
- Hancock experience

# US Policies with International Coverage

- Examples of Companies that cover claims outside USA, its territories and possessions\*

## Canada Only

AIG, Allianz, Bankers United, Central States, CUNA Mutual, Fortis, Kanawha, Lincoln Benefit, Mass Mutual, TransAmerica

## Other Countries

Bankers Life and Casualty, CNA, MedAmerica, Standard Life and Accident, UNUM

\*Source: Stratecision, Inc.

# Claims Outside USA and Canada

- 4 companies
- ***PLUS*** John Hancock
- Left out of magazine article!
- How do they cover international claims?

# How Companies Cover LTC Claims Abroad

- Difficult to tell in public materials
- C.N.A. Underwriting Guidelines:  
“emergency protection for policyowners visiting other countries where the care and services effectively qualify under policy provisions and the provider or facility is properly licensed”
- UNUM contract: 30-day coverage

# How Hancock Covers LTCI Claims Abroad

- Service-based indemnity
- Nursing home or home health services, with modified provider rules
- Pays 85% Daily Benefit
- Specific listed countries
- US currency

# LTC Insurance sold abroad for use abroad

## Domestic Companies

- John Hancock
- AIG
- ManuLife
- Prudential
- sun Life
- UNUM
- Transamerica

## Foreign Companies

- GE
- OAC
- Commercial  
General Union
- Royal Bank
- Zurich Life
- Royal Sun Alliance

# LTC Insurance sold abroad for use abroad

## Product types

- Standalone LTC Insurance
- Combination Products
  - Life Insurance
  - Disability Insurance
  - Critical Illness
  - Investment Funds

# Hancock Experience Abroad - Singapore

- 1 year ago
- Introduced Stand-alone product
- Already two companies (GE & OAC) had combination products:
  - Life Insurance
  - Critical Illness
  - Disability Insurance

# Hancock Product Specifications

- Disability-based indemnity product
- Maximum \$2,000/month
- Benefit trigger:
  - 3 out of 6 ADL's, or
  - Cognitive Impairment
- Lifetime benefits

# Issues

## Plus Side (+)

- Aging issues similar to US
- Statutory Filial Responsibility
- Compliant Culture
- Reinsurance

## Minus Side (-)

- Lack of developed market
- Lack of Provider Infrastructure
- Filipino maids

# Marketing Issues

- Guaranteed renewability, i.e., ability to raise premiums, is a barrier in the sales process
- Limited payment would be desirable
- Low awareness of product
- People look for a cash value

# Hancock Experience Abroad - Second Country\*

- Market research useless, since natives say what they think you want to hear!
- Local regulations state that if premiums are paid over 20 years, policy must offer cash value
- Culture against premiums paid for life, non-guaranteed premiums, use-it-or-lose-it coverage

\*Not yet introduced.

# Approach to Designing Products Abroad

- Study of the Country
  - Culture
    - ↓
    - Feelings about LTC
  - Overall Legislation
    - ↓
    - LTC-specific regulation
- Product Design

# Risk Management

## MOST Important Part of the Exercise

- Underwriting
- Claims Administration
- Pricing
- Contract Wording
- Marketing
- Service

Coordinated