New York Life, State Farm Top Insure.com List of Best Insurers

October 19, 2022
These Carriers Took Top Billing in Forbes' Survey of Best Insurers

February 25, 2022
These Life Insurers Are Among Fortune's Most Reputable Companies

accelerate a portion of the death benefit if the insured person suffers a terminal, chronic or critical illness.

Buyers of Symetra Life policies can purchase a children's term rider or another to cover an accidental death. They can also secure up to $3 million in coverage without a medical exam using the carrier's SwiftTerm option.

The paper also touted a variable universal life contract from Lincoln that features more than 75 investment options and, as a survivorship policy, can cover two people. Pacific Life was billed as great for retirement planning because of the multiple permanent life options available, including for investing, and because the policies can cover someone up to age 121.

To come up with its listing, *USA Today* evaluated 25 top U.S. life insurers based on a scoring system in which each of these carriers could earn up to 100 points. They could garner up to 35 points based on their term life insurance premium rates, and another 15 for the cost competitiveness of cash value policies.

Other factors used in the analysis included growth of historical performance (15 points) customer complaints (10 points), reliability of policy illustrations (10 points), and financial strength (5 points), as assessed by the four major rating firms: A.M Best, **Fitch**, **Moody's** and **Standard and Poor's**. Two other factors, access to cash value and term life conversion availability, each were worth up to five points.

USA Today said that 17 carriers out of the 25 reviewed "didn't make the cut" for reasons ranging from prohibitively high internal costs and poor historic performance to unreliable policy illustrations and a high number of consumer complaints.

By Warren S. Hersch

- To read the USA Today article cited in this story click here.

The Times Loves This Annuity. But Industry Insiders Have Doubts.

A concept annuity that was described about two decades ago, that's combined with a long-term-care benefit, is getting a second look. Critics tout its efficiency but warn it could be a tough sell.

By Warren S. Hersch | March 6, 2023

A *New York Times* writer is trying to spark interest in an innovative annuity concept that first appeared a couple of decades ago.

The idea is to marry an immediate income annuity with a long-term-care benefit. The product would be a win-win for insurers and consumers both, opinion writer **Peter Coy argued in** two articles last month.

For insurers, buyers who require long-term-care early in the contract years will probably have a shorter life expectancy and receive fewer annuity payments. Meanwhile, others in the pool expected to live longer won't need the long-term-care benefit for a while. For buyers, a key attraction would be the product's lower cost: it should require less in premium than if the coverages were purchased separately because, Coy wrote, "the risks would partly cancel out."

American Enterprise Institute senior fellow Mark Warshawsky

The combination would almost entirely eliminate disadvantages that buyers currently face, including underwriting that might otherwise make long-term-care coverage too expensive, according to **American Enterprise Institute** senior fellow **Mark Warshawsky**. He wrote about the concept product with **Brenda Spillman** and **Christopher Murtaugh** in *The Journal of Risk and Insurance* in 2001.

"We estimated that the only people that would not be able to purchase this combined product would be those that would go immediately into long-term insurance claim," he said in an interview. "Everyone else, even people who are sick with various health and lifestyle issues, would be able to buy the product with no problem."

Warshawsky thinks that, because of the product's lower cost, it would be a good fit with employer-sponsored defined contribution plans — a market he envisioned at the time of the 2001 paper's publication, when he was a director of research at **TIAA-CREF Institute.**

Passage of the Secure 2.0 Act, which includes provisions covering both annuities and long-term-care insurance, could help spur adoption, he noted. He thinks that the product also holds promise for the individual market.

The current crop of linked-benefit annuity and long-term-care offerings don't provide insurers the same way to effectively offset risks.

In some ways, the combination product seems like an ideal and natural evolution in the market, a move toward smarter and more efficient coverage.

But it has plenty of doubters.

Hurdles to Surmount

Dennis Martin, president of individual life financial services at **OneAmerica**, thinks the product has much to commend it. But he cautions that consumers may be hesitant to irrevocably hand over part of their nest egg for benefits that may not pay out for long (the life annuity) or at all (a bump up in annuity payments to cover long-term care).

The power of the product is "in the outcome for the group," Martin said of the efficiency with which it can provide both guaranteed life income and long-term-care coverage. "But for individuals there is a trade-off. There are winners and losers, as in any kind of pooling concept."

Dennis Martin, president of individual life financial services at OneAmerica

Robert Eaton, a consulting actuary at **Milliman**, also thinks that many carriers still shy away from offering products with long-term-care benefits, even though a long-held stigma associated with such coverage is slowly ebbing.

“They may feel that there are risks out there they're not willing to take,” he said in an interview.

Rising interest rates, he added, could spur carriers to add a hybrid annuity and long-term-care product such as what Warshawsky outlined, he added. But consumers, he noted, will want to weigh a potential purchase against other options, including future innovations that could make hybrid life- and long-term-care products more attractive.

Brian Kendall, a product manager for care solutions at OneAmerica, said in an email that the company previously offered an immediate annuity that did provide a benefit for long-term care, though wasn’t exactly what Warshawsky proposed.

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Immediate Care was designed to be sold at the time someone in worsening health needed to fund care using their own resources. Because the person’s life expectancy was shorter than for standard annuity tables, buyers could generate a much higher income stream than with a traditional single-premium immediate annuity, he noted.

The product has been pulled from the market.

“Unfortunately, underwriting was required to even give someone an accurate illustration, and the process was clunky,” he said in an email. “Sales never reached the point that it made sense to continue.”

Sticking With the Tried and True

Ramona Neal, president of **Living Benefit Review**, also sees the immediate annuitization that Warshawsky’s concept entails as a potential turnoff for consumers. She suggested that insurers innovate around the current generation of hybrid products.

Issuers in the market niche include **EquiTrust**, **Global Atlantic, Guarantee Income Life Insurance** and OneAmerica. The last now offers a single-premium product, Annuity Care, that guarantees a lifetime payout, subject to a monthly maximum, for long-term-care expenses.

“Based on recent anecdotal producer testimonials, these products are flying off the shelf,” she said in an email. “That’s not surprising,” she said, because there’s less underwriting when the long-term-care benefits is combined with an annuity rather than with life insurance.

Ramona Neal, president of Living Benefit Review

Hybrid annuity carriers have reported that more than 95% of people who applied for their products were approved, Neal noted. And one insurer, EquiTrust, offers guaranteed approval. She expects that more carriers will enter the market.

“The question isn’t so much when, but more a question of how many?” she said.

Warshawsky though remains optimistic about his product concept. He thinks a rollout by carriers would generate great public relations for the industry, boost customer loyalty and win the respect of policymakers.

He even foresees an unusual version of this combo product: a reverse annuity mortgage, where someone would take out a loan against a home’s equity to fund a life annuity and long-term-care benefit.

Insurers Worry About Scuba Divers, Ignoring Bigger Cause of Death

In underwriting risk, many life insurers screen for dangerous hobbies such as scuba diving. But they don't ask about something else that's involved in tens of thousands of deaths a year.

By Aaron Smith | March 6, 2023

In assessing life insurance applicants, underwriters try to sniff out risky behavior, asking questions about more dangerous hobbies such as scuba diving.

But they don’t ask about something else that’s involved in tens of thousands of deaths a year, dwarfing the dozen or so people killed annually in scuba diving accidents: ownership of a firearm.

That raises the question of why life insurers are preoccupied with whether someone scuba dives and are seemingly indifferent to whether that person may have a .44 Magnum lying around in an unlocked sock drawer.

Guns are closely associated with mortality. There were 7,184 deaths from gun violence in the United States just through March 3 of this year, according to the **Gun Violence Archive**.

This included 4,092 deaths from suicides, which accounted for 57% of the total. The remainder were from homicides, accidents, self-defense, or shootings involving police officers.

“As a general practice, gun ownership is not treated as a risky behavior at the time of underwriting, unlike engagement in avocations such as scuba diving,” **Narges Dorratoltaj**, director of life and health modeling for **Verisk**, said in an email.