

somewhat
different

Immediate needs annuities Controlling long-term care costs

Growing demand for long-term care

With rapidly ageing populations in many of the world's more developed economies, there is a growing market for products that respond when senior citizens experience severe and permanent health impairments and require long-term specialist care.

The costs for such specialised care are likely to exceed individual retirement incomes and benefits from social security. This creates an apparent need for insurance products to fill this financial gap and enable consumers to make use of high-quality care facilities.

The individual variance in life expectancies can be very high, creating unpredictable liabilities towards care providers, mostly nursing homes or home care services. This variance risk lies with the patient and his/her family and is often exacerbated by increasing costs of care.

Immediate needs annuities

For those who require care without delay, immediate needs annuities offer a solution to the variance risk problem: An immediate needs annuity pays out a guaranteed income to help cover the regular long-term care costs in exchange for a single lump sum payment.

The lump sum makes the individual costs of long-term care controllable, providing financial stability and planning certainty.



An immediate needs annuity allows for financial security

An immediate needs annuity is issued upon the policyholder's entry into a nursing home, or later.

The lump sum payable to the provider depends on a few parameters:

- Level of income
- Policyholder's age
- Policyholder's health status, assessed via a simple medical questionnaire containing targeted questions related to the activities of daily living (ADLs) and medical impairments
- Optional features such as:
 - Capital protection
 - Indexation
 - Deferral
 - Death benefit

This lump sum due reflects the individually assessed life expectancy of the customer.

Immediate needs annuities thus not only benefit the policyholders, but also the nursing homes who achieve a higher payment security.

Hannover Re's immediate needs offering

Our immediate needs partners benefit from a cooperation in several ways:

- Biometrical risk sharing and cash flow stabilisation through a reinsurance treaty
- Risk adequate setting of longevity assumptions developed and continuously updated by our data analytics team
- Underwriting training through Hannover Re's medical underwriters and ongoing underwriting support for the assessment of immediate needs applicants

Teaming up to enter an immediate needs market

If you are interested in adding an immediate needs solution to your portfolio, our experts from the Hannover Re longevity team are more than happy to support you, regardless of whether you are a first mover in your market, or aiming to offer more competitive rates in an already developed market.

Just recently, we have supported a partner of ours in entering the developed UK immediate needs market as a new player.

They immediately succeeded in gaining a two-digit market share and were very happy with our support; having had no experience in the immediate needs market before.

We look forward to teaming up with you to exploit your full potential in the immediate needs market!

Hannover Re's immediate needs experience

As a global market leader in longevity reinsurance, Hannover Re has been active in the immediate needs market since the late 1990s.

In the UK immediate needs market, generating in excess of GBP 100 million of original single premium per annum, Hannover Re has reinsured business worth more than GBP 800 million of original single premium, with more than 8,000 individual policies written.
