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### MetLife Halts Sale of New Long-Term Care Insurance (Update2)

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By Margaret Collins



Nov. 11 (Bloomberg) -- **MetLife Inc.**, the largest U.S. life insurer, will halt the sale of new long-term care coverage after citing "financial challenges" in the business.

MetLife, led by Chief Executive Officer **Robert Henrikson**, is focusing on growth in Asia after buying a business from American International Group Inc. this month for \$16.2 billion. Insurers including

**CNO Financial Group Inc.** have been burned by policies sold in the past when they underestimated the number of claims, the cost of care and life expectancies of their clients.

"While this is a difficult decision, the financial challenges facing the long-term care industry in the current environment are well known," Jodi Anatole, a vice president for the company, said today in a statement.

Long-term care policies provide coverage to help pay for home-health aides or residence in a nursing home or assisted-living facility. New York-based MetLife will accept applications for new coverage through Dec. 30 and continue to honor previously written contracts after that date, the company said.

The cost of assisted living has climbed at an annual rate of 6.7 percent over the past five years and the price for a private room in a nursing home jumped 4.5 percent annually over that span, according to a report in April from Genworth Financial Inc., which also sells the coverage.

#### 'Business Goals'

More than 10 million Americans need long-term medical services and support and that number is projected to rise as the U.S. population ages, according to an October 2009 **report** by the Henry J. Kaiser Family Foundation. Medicaid helps cover such long-term care expenses for low-income Americans while Medicare covers only short-term nursing and home health services, according to Kaiser.

"Many Americans remain at risk for needing long-term care services," MetLife said. The insurer is reviewing a way to combine the coverage with other contracts " which the company believes can effectively address the long-term care financing needs of the public as well as its business goals."

MetLife dropped 97 cents, or 2.4 percent, to \$39.95 at 9:43 a.m. in New York Stock Exchange composite trading. The firm has gained 13 percent this year, compared with the 17 percent advance in the 24-company KBW Insurance Index. A call to the company seeking comment wasn't immediately returned.

The long-term care coverage is part of MetLife's non- medical health business, which generated about \$6.1 billion in revenue in 2008, according to a slide in MetLife's annual **presentation** to investors in December. The slide touted MetLife's top ranking in group life sales and No. 2 position in group dental and disability without making reference to long-term care. The company's total revenue was more than \$50 billion in 2008.

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