

Chairman Riley

Vice-Chairman Girod

And Members of the Committee

I wanted to speak off-the-cuff today, but I'm too nervous, so I'm going to read my statement.

My name is Ann Adler. I live in Portland. I own a long-term care insurance policy issued by Penn Treaty Insurance Company. And I am here today to testify in favor of Senate Bill 419.

When I was in my 50's, we were advised by a trusted insurance agent to purchase long-term care policies from a highly rated company – Penn Treaty. My husband and I each bought what was considered a “Cadillac” policy with unlimited lifetime benefits. We've paid for those policies every month for nearly 20 years. Sometimes, we had financial difficulties what with employment, two daughters in college, and life in general. But somehow we persevered and felt a great sense of security, as you naturally do when you have fire insurance, health insurance, or auto insurance.

In 2010, we learned that Penn Treaty was having financial difficulties and seeking court protection. However, we still believed our coverage was in place. After all, the company was still taking our monthly payments.



What is long-term care insurance? To me, it meant that I was guaranteed unlimited coverage in the event I couldn't do my normal daily activities, such as bathing, eating, taking prescription medicines, dressing, and mobility.

That guarantee proved hollow when we learned from the Oregon Guaranty Association that benefits were capped at a maximum of \$300,000 -- EXCEPT for us, Penn Treaty policyholders. Our unlimited lifetime benefits were reduced to a maximum of only \$100,000. Our "Cadillac" became a wind-up toy car.

I am so angry. And to make matters worse, this past summer I broke my right femur in a fall. I had major surgery, spent six days in the hospital, and underwent months of grueling rehabilitation. Without help, I couldn't walk up the stairs to my house or my bedroom, I couldn't even lift my leg off the bed, I couldn't bathe, I had to wash my hair in the kitchen sink, I couldn't prepare food – I couldn't do the normal activities of daily life my policy was supposed to cover. But I had an awful dilemma. With only a hundred thousand dollars maximum benefit, was this the worst - things would ever be? Do I take benefits now or would it be better to wait until my elder years when my need may be even greater? I decided to wait. Thank goodness, I had my husband who was able to help me recover.

I still don't understand how an insurance company can take our money and go bankrupt. What about the contract we thought we had? We've paid nearly \$100,000 in premiums to

be reduced to only \$100,000 in coverage. Had we invested that money instead and self-insured, we would have had so much more. I feel so duped. First by the insurance company. But also by the State of Oregon for passing a law that discriminated against us by capping our maximum benefit at only $\frac{1}{3}$ of what others are entitled to.

I want to thank my husband for standing up for us and for hundreds of other Oregonians with Penn Treaty policies. And special thanks to Senator Frederick and his chief of staff Troy Duker for their support, and for bringing this bill to you for your consideration. Please take to heart what I've said and pass this bill.

Thank you.

