

MARKETING

The Group LTCI Marketplace: *Dead End or New Path?*

MODERATOR:

Steven M. Cain

Principal | National Sales Leader
LTCI Partners, LLC

Direct: (224) 880-6487

Cell: (818) 645-9894

Steve.Cain@LTCIPartners.com



15th Annual Intercompany Long Term Care Insurance Conference

Speakers



Jerry Manning, CLTC

Principal | J. Manning & Associates

Richard Christman, MBA, CFP®, CLU®, APR, CLTC, LTCP

Regional Sales Director | Transamerica LTC

Discussion Items



- History lesson (carrier entries & exits)
- Today's marketplace (what's available?)
- Distribution discussion (who sells & enrolls – strategies)
- Product discussion (multi-life, group, Life with QLTC riders and Group CI)
- Case studies (3-4)
- Q&A

Excuses...Excuses



Critical illness coverage

Eventually the government will cover LTCI

Don't have time for CEs

Media is critical

Products are too complicated

Carriers keep dropping out of market

I refer my clients to a specialist for LTCI

Clients don't like that they have to "use it or lose it"

Rate hikes

Too expensive for my clients

Product changes are too much to keep current with

Too much time and effort to engage clients when they might not qualify

My clients are too young

My clients self insure

What are you hearing in the worksite market?

Group LTC Carriers:

- **Genworth** – *actively writing new business (GI for ER-funded plans and MGSI). Market focus is 1,500+ EEs.*
- **Prudential** – suspended new sales & ongoing enrollments.
- **UNUM** -- suspended new sales, but they are still allowing enrollments into existing plans. They are in the process of implementing rate increases.
- **MetLife** -- suspended new sales & ongoing enrollments. They are in the process of implementing rate increases.
- **John Hancock** -- suspended new sales & ongoing enrollments. They are in the process of implementing rate increases.
- **CNA** -- suspended new sales & just announced that ongoing enrollments will cease in 2016.
- **Aetna** -- suspended new sales & ongoing enrollments. Most clients conducted reserve transfers or moved to Prudential in 2009.

Multi-life LTC Carriers:

- **LifeSecure**
- **Transamerica**
- **John Hancock and MedAmerica -- sponsored group discounts and full medical underwriting.**
- **Product Chassis – individual contracts with discounted rates and simplified underwriting (SI).**
- **Minimum Participation -- typically 10 EEs.**

Sample Application (SI Questions)

1.	Within the <i>past 12 months</i> , have you resided in or been advised by a healthcare professional to enter a Nursing Home, Assisted Living Facility or any other type of Long Term Care Facility? Or, within the <i>past 12 months</i> , have you used or been advised by a healthcare professional to use Home Health Care or Adult Day Care services?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Do you <i>currently</i> use any of the following: – Walker – Wheelchair – Quad Cane – Motorized scooter	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	– Hospital bed – Oxygen equipment – Dialysis		
3.	Do you <i>currently</i> require human assistance in order to perform any of the following activities: bathing, dressing, eating, getting in or out of a bed or chair, walking, using the toilet, managing bowel or bladder control?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Do you have or have you ever been diagnosed or treated by a health care professional as having any of the following: – Amyotrophic Lateral Sclerosis (ALS, also called Lou Gehrig’s Disease) – Systemic Lupus Disease – Alzheimer’s Disease – Dementia/Senility – Mental Retardation – Psychosis – Stroke (CVA) within past 5 years – Multiple Sclerosis (MS) – Muscular Dystrophy – Parkinson’s Disease – Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC), or positive HIV test – Metastatic Cancer – Type I (Juvenile) Diabetes – Diabetes – treated/controlled with insulin for greater than 15 years or currently treated/controlled with greater than 49 units of insulin per day – A Transient Ischemic Attack (TIA) within past 2 years, or multiple TIAs within past 5 years – Chronic Kidney/Renal Disease – Huntington’s Chorea – Cirrhosis of the Liver – Organ Transplant – Amputation due to Disease (not accident)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	Are you <i>currently</i> receiving Social Security Disability benefits?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Traditional LTC

- Policy will reimburse insured for cost of professional care at home or in a facility
- Plans consist of a monthly maximum benefit, a lifetime maximum, and an inflation protection option
- Typically no benefit if policy is canceled or if insured passes away without using the benefit
- Designed primarily as an asset protection tool
- Provides richest LTC benefit available
- Typically the best product for groups with higher average age and income

Group Life with LTC Rider

- Policy provides a life insurance benefit typically between \$20,000 - \$250,000
- LTC benefit is typically 4% of death benefit on a monthly basis (i.e. \$50,000 life benefit = \$2,000 maximum monthly LTC benefit)
- LTC benefit will reimburse insured for cost of professional care at home or in a facility up to monthly maximum
- Provides death benefit if LTC benefits are not used and may provide cash value accumulation
- No inflation protection available
- Provides modest LTC benefit to help offset the cost of care
- May be a good fit for groups with lower average age or income

The Good, The Bad and The Ugly



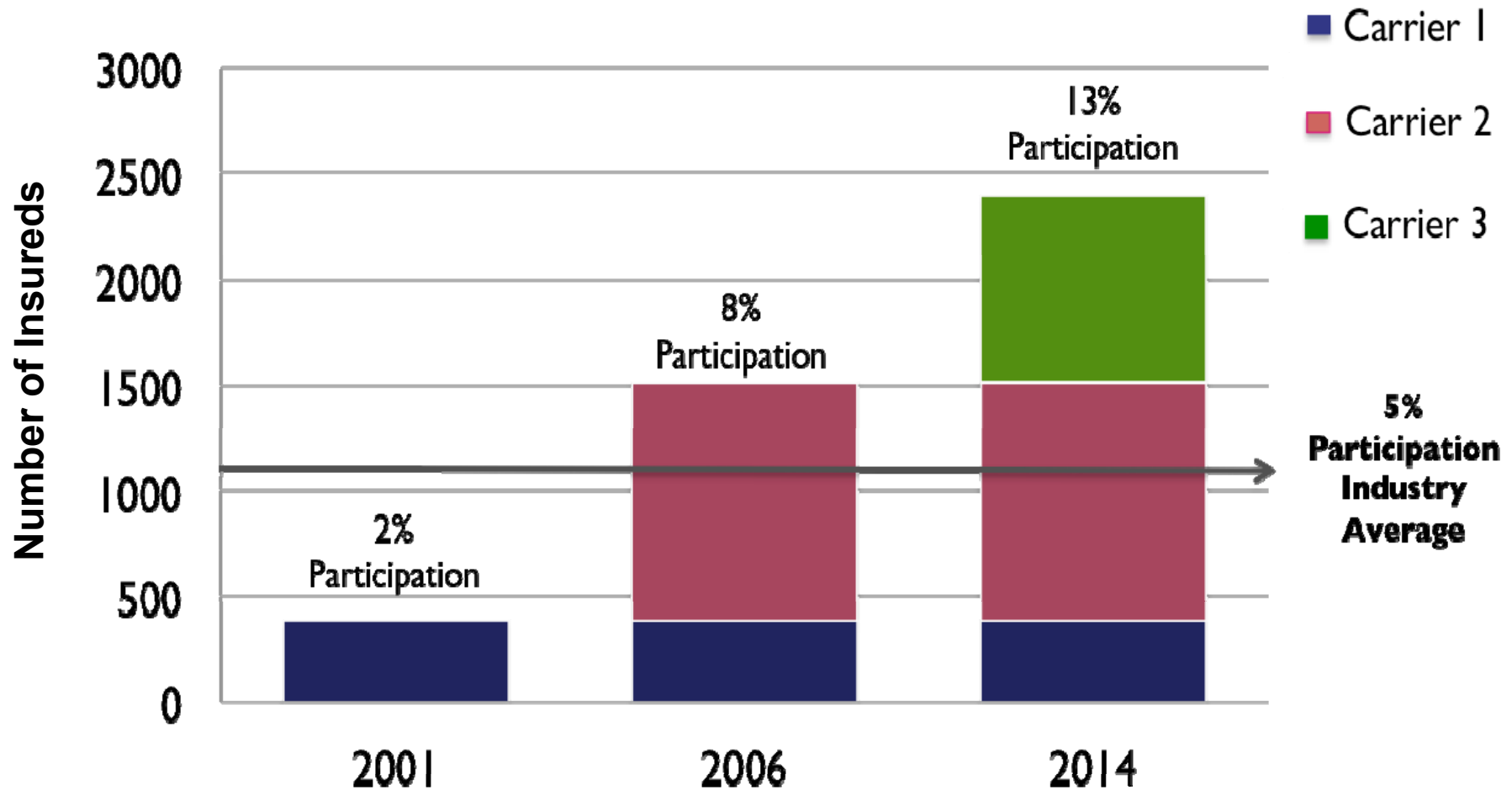
Favorable Case Profile	Unfavorable Case Profile
<ul style="list-style-type: none"> Average age \geq 45 	<ul style="list-style-type: none"> Average age is \leq 40
<ul style="list-style-type: none"> Employee incomes greater than \$50,000 	<ul style="list-style-type: none"> Employee incomes less than \$35,000
<ul style="list-style-type: none"> Favorable LTC occupational risk characteristics (High Tech, skilled labor or “white collar”) 	<ul style="list-style-type: none"> Low skilled labor or high turnover
<ul style="list-style-type: none"> High enrollment in multiple benefit programs 	<ul style="list-style-type: none"> Poor enrollment with existing benefits or limited benefits available
<ul style="list-style-type: none"> Active marketing support of employer 	<ul style="list-style-type: none"> Low employer support
<ul style="list-style-type: none"> LTC not previously offered 	<ul style="list-style-type: none"> Limited marketing plan or enrollment
<ul style="list-style-type: none"> Strong marketing plan including employee education prior to the Open Enrollment Period 	<ul style="list-style-type: none"> Multiple products (3+) being offered in a single enrollment
<ul style="list-style-type: none"> Favorable demographics (ages, income, education, Location) 	<ul style="list-style-type: none"> Limited onsite access to employees
<ul style="list-style-type: none"> Existing employer sponsored protection and savings programs. 	<ul style="list-style-type: none"> No LTC pre Open Enrollment Period education program
<ul style="list-style-type: none"> Onsite access to employees for education and Enrollment 	<ul style="list-style-type: none"> Limited LTC Multi-Life experience on part of Producer/Enroller
<ul style="list-style-type: none"> Seasoned LTC Multi-Life Producer or Enroller 	<ul style="list-style-type: none"> Not payroll deduction/list bill
<ul style="list-style-type: none"> Employer funding until retirement 	
<ul style="list-style-type: none"> List Bill – Payroll Deduction 	

Case Study #1



- University with 19,000 employees
- Installed 1st LTC program in 2001 as part of a state offering
- 2nd LTC program implemented in 2006 – standalone program
- LTC carrier ceased offering program to new entrants on March 1, 2012
- Client conducted annual benefit survey and Long-Term Care was rated among the top requested benefits
- Request for Proposal completed November 2013
- New LTC program effective April 2014

Case Study #1: Participation Results



Case Study #1: Enrollment Experience



Enrollment “*By the Numbers*”

- Off cycle enrollment
- Over 2,100 in-bound phone calls to enrollment center
- 500+ in-bound email questions
- 3 week open enrollment with 1 week extension
- 16 Group Meetings (including webinar broadcast of each meeting)
- Online reservation system for meetings - 1,800+ participants
- 8 educational emails distributed
- Over 92% open rate on educational email campaign (11 unsubscribe)
- LTC Educational video views – 4,650
- Online enrollment for employees (Simplified Underwritten)
- Total of 880 Applications submitted – 19 declined (2%)
- On-going enrollment center support for new hires

Case Study #2



- Higher education industry
- 1,671 FT eligible employees
- Voluntary funded premium
- Not had a prior worksite LTCi program
- Employee average age = 55 years old
- Average employee income = \$65,000 annually
- Off cycle enrollment
- Strong employer support / access:
 - 6 on-site Group Meetings
 - 4 educational emails distributed
- Online reservation system for meetings
- 1099 on-site enrollers
- 90 day open enrollment
- Paper application enrollment for employees (simplified underwriting)

Case Study #2: Enrollment Experience



Enrollment “*By the Numbers*”

- Total enrolled = 194 applications
- Employee average age = 56 years of age
- Spouse average age = 55 years of age
- Single applicants = 63 applications
- Married, both spouses applied = 43 applications
- Married, one spouse applied = 88 applications
- Total Premium \$230,000
- Total employees enrolled = 146 employees (8.7%)
- Total spouses enrolled = 42 spouses
- Total family members = 6 family members

ANY
QUESTIONS
?

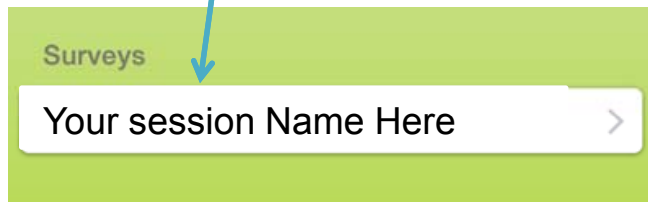
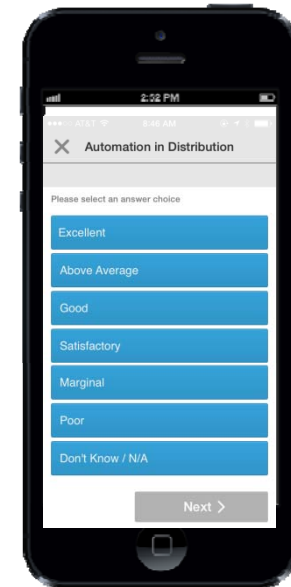
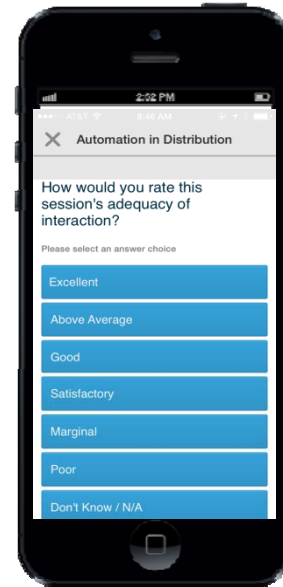
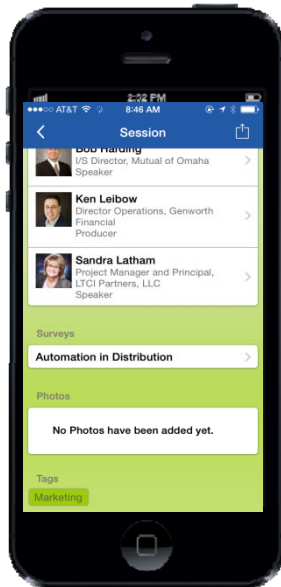
Don't forget to fill out the survey



1st you must have download the ILTCI Mobile App
- Go to your app store; search ILTCI. It's free.



1. Find the session
2. Scroll to the bottom
3. Tap on the session name below the survey



Tap on the answer you wish to submit

Click Next