

*Public Policy & Alternative Finance Solutions*

# **Consumer View of New LTC Combo Products**

Monday March 19, 2018

2:00 – 3:00 pm



**18th Annual Intercompany Long Term Care Insurance Conference**

# ILTCI Mobile App Download Instructions

 iPhone  
 iPad

- 1) Type <https://crowd.cc/s/1flyo> in web browser
- 2) Click “Download iPhone/iPad App” to load Apple’s App Store and download the app.

android

- 1) Type <https://crowd.cc/s/1flyo> in web browser
- 2) Click “Download Android App” to load the Google Play Store and download the app.

 BlackBerry

- 1) You’ll be using the web version of the app. Open the web browser, click the BlackBerry menu button, select “Go To” and type <https://crowd.cc/s/1flyo>.



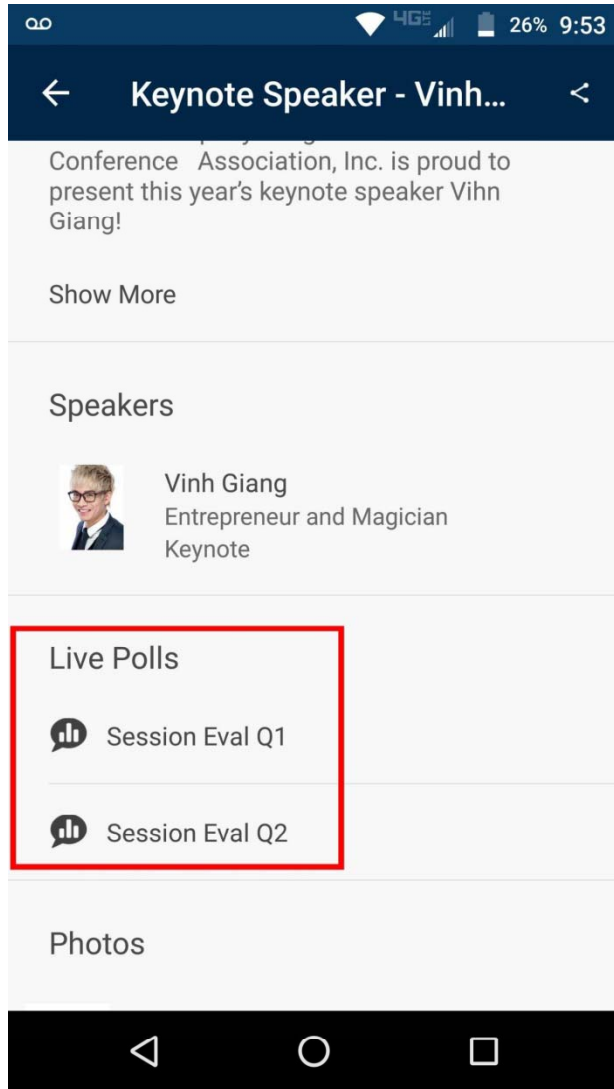
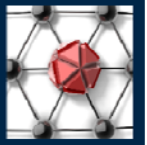
You can also just go to your app store and search ‘AttendeeHub’. Once installed search ‘ILTCI’ and you’ll find our app.

**A Special Thank You to this year’s  
Mobile App Sponsor**



**Nationwide<sup>®</sup>**  
is on your side

# Session Survey Instructions

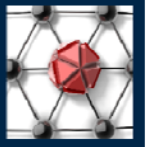


Once you are in the app go to the schedule and the session you are in.

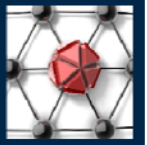
Scroll to the bottom to find the Live Polling questions.

This year the session survey questions can be found in this section and will take just a couple seconds to complete.

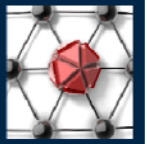
# Session Participants



- Vincent Bodnar, Genworth
- Cindy Malone, Maddock-Douglas
- Eileen J. Tell, ET Consulting, LLC
- John O'Leary, O'Leary Marketing Associates

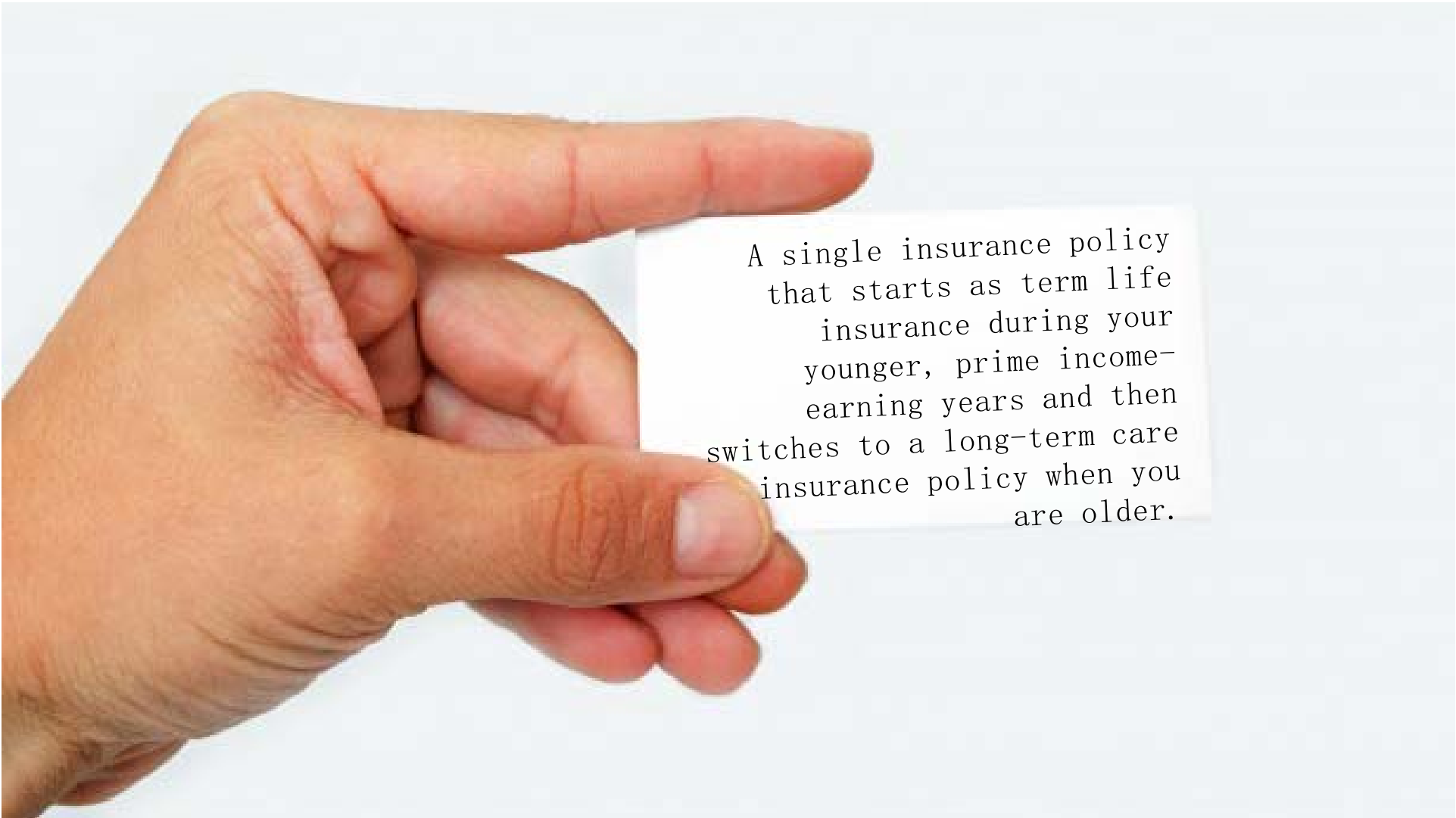
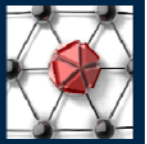


- History of the SOA LTC Think Tank
- October 2015 Gathering
- Shift to “Do Tank”
- SOA’s Research Expansion Pool (“REX”)
- Consumer Study and Results



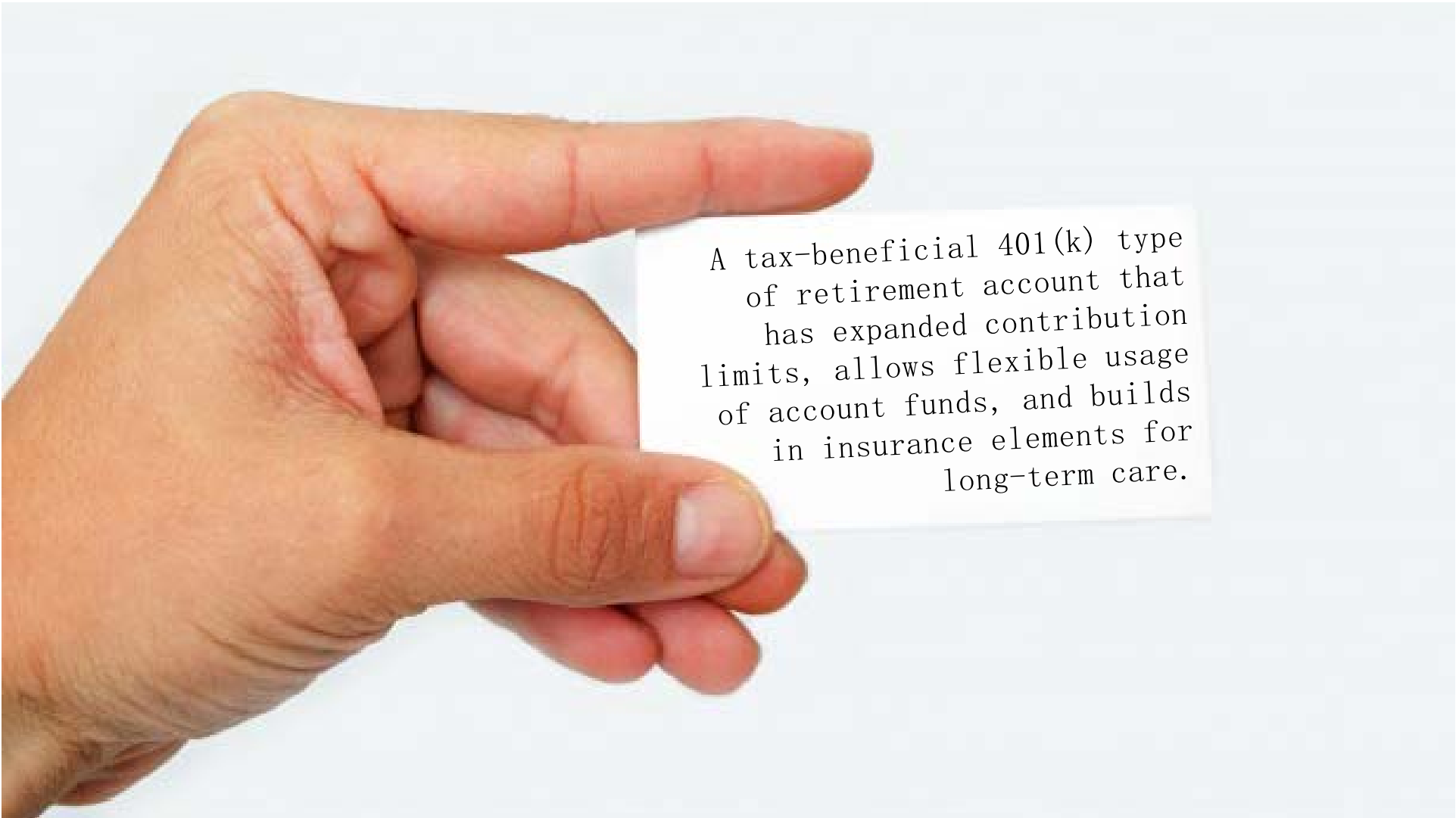
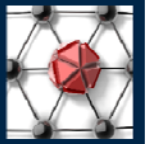
"If you can't fit your  
idea on the back of a  
business card, you don't  
have a clear idea."

# LifeStage Protection Blurb

A close-up photograph of a person's hand holding a small, rectangular white card. The hand is positioned on the left side of the frame, with the thumb and index finger gripping the card. The card is held against a light blue background. The text on the card is centered and reads:

A single insurance policy  
that starts as term life  
insurance during your  
younger, prime income-  
earning years and then  
switches to a long-term care  
insurance policy when you  
are older.

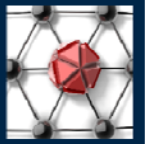
# Retirement Plus Blurb

A close-up photograph of a person's hand holding a small, rectangular white card. The hand is positioned on the left side of the frame, with the thumb and index finger gripping the card. The card is held horizontally and contains several lines of text. The background is a plain, light-colored surface.

A tax-beneficial 401(k) type  
of retirement account that  
has expanded contribution  
limits, allows flexible usage  
of account funds, and builds  
in insurance elements for  
long-term care.



# LifeStage Protection Concept Shown



## Introducing LifeStage Protection

### Life Insurance That Transforms Into Long-Term Care Insurance

You know life insurance is important to financially protect your family should something happen to you during your prime income-earning years. And you know that you need long-term care insurance to help defray the costs of care if you're ever unable to care for yourself. But long-term care insurance is expensive, and it costs to search the country you will live until you get much older. Would it be great if there was an affordable way to have the financial protection you need now and in the future?

**Introducing LifeStage Protection** – An insurance policy that starts as life insurance during your prime income-earning years and then switches to long-term care insurance during your later years. This provides you and your family with the financial protection that you need when you need it most. And it's affordable because you start in the long-term care coverage at a younger age (e.g., age 45) means that a year's worth of payments for the insurance is much lower (as much as 99% lower if you wait until term ends at age 65 or 70)!

To apply, contact your employer's benefits administrator or go to your employer benefits website. If you are not employed at your employer, contact either of us directly at [www.lifestageprotection.com](http://www.lifestageprotection.com). Select a coverage level (e.g., \$100,000, \$150,000, \$200,000, \$250,000, \$300,000 or more), and select your transition age (the age you want the insurance to switch from life to long-term care coverage). Once you are a policyholder, your life insurance coverage begins. While you carry your selected term life term life insurance with and the long-term care coverage begins. Then, if you require long-term care during your lifetime, your expenses will be covered up to the maximum amount based on the coverage level you selected (e.g., \$50,000).

Final underwriting of the coverage you choose, age and gender. Your monthly rate stays the same the whole time, you too a LifeStage policyholder!

#### LifeStage Protection – Transforming Insurance



To apply, contact your employer's benefits department or go to [www.lifestageprotection.com](http://www.lifestageprotection.com).



Select your coverage level and transition age.

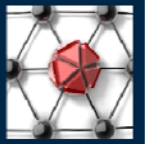


The life insurance financially protects your family should something happen to you during your prime income-earning years.



Starting at your selected transition age, the long-term care insurance covers your expenses up to your chosen coverage level.

# Retirement Plus Concept Shown



## Introducing Retirement Plus

### Retirement Savings + Long-Term Care Insurance... All With Great Tax Benefits

You know full savings for retirement is important for your future financial security. You also know that long-term care is something you might need down the road. But what if a choice for long-term care insurance right now doesn't seem like the smartest use of your money? Wouldn't it be nice if there was a way to prepare for retirement and be covered for long-term care at the same time?

**Introducing Retirement Plus** – A flexible retirement plan, or a 401(k) IRA, with expanded contribution and withdrawal terms, plus insurance built right in. The plan will be automatically enrolled for retirement and be covered for long-term care should you need it. In the event you need to retire from the insurance company, keep it and pay for long-term care expenses.

**Enroll to Retire:** your retirement selections will set you up for 50% of the total account by reducing the funds that go to your 401(k) or IRA. You want to Retire and Plus and select the level of long-term care insurance you want to pay for: \$ 00,000 \$ 100,000 \$ 200,000. Based on your selection, your Retirement Plus account will be funded automatically from either your paycheck or your 401(k) account. The cost of the long-term care insurance will be deducted from your Retirement Plus account balance.

Once you reach retirement, the funds can be used for whatever you want if long-term care is never needed. A new car, vacation, etc. Just like a 401(k) or an IRA, you pay taxes at the time you use the money. If the worst happens and you need long-term care, your account funds can be used to cover those expenses. If the money is spent on long-term care you pay no taxes on it. If you don't need long-term care, the insurance keeps it and pays your long-term care bills until the money is used to cover long-term care expenses.



**Retirement Plus – Retirement + Long Term Care**

Enroll and make your selections.



Once you retire you can use the funds however you want.

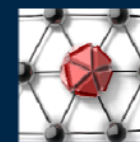


If you need long-term care, you can use your funds to pay the bills, tax-free.



The insurance pays the bills up to the maximum based on your selections.

# Example of Pricing Shown



- Respondents were shown the following and asked to choose the desired benefit level that would best meet their needs.
- Actual gender/age-based pricing (age-band) was shown in survey
- The following pricing was shown to males ages 43-47.

## LifeStage Protection

	Option A	Option B	Option C	Option D
<b>Lifetime Benefit</b>	\$100,000	\$150,000	\$200,000	\$300,000
<b>Monthly Premium</b>	\$63	\$94	\$124	\$186

## Retirement Plus

	Option A	Option B	Option C
<b>Lifetime Long-Term Care Benefit</b>	\$100,000	\$150,000	\$200,000
<b>Minimum Monthly Amount You Put Into Your Retirement Plus Account Until Age 65*</b>	\$119	\$171	\$225

\* This amount is our best estimate of what you would need to contribute to your account each month in order to have enough to cover the cost of your long-term care insurance for the rest of your life. If you contribute more, you could expect to have more funds available to use for non-long term care purposes during your retirement years. Because this is an investment product, actual results will vary.

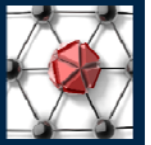
*Public Policy & Alternative Finance Solutions*

# **Sizing and Understanding the Potential Opportunity**



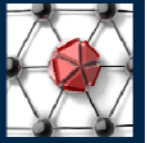
**18th Annual Intercompany Long Term Care Insurance Conference**

# RESEARCH METHODOLOGY



- 20 minute online survey fielded in September/October 2017
- Total Sample: N=800 financial decision makers for household
  - Ages 35-55
  - Not employed in a competitive industry
  - At least a high school graduate
  - Employed and offered benefits (if not self-employed)
  - Household income (HHI) between \$50,000 and \$499,999 and max 10% of sample with < \$100K investable assets
  - Describe current health as at least fair
- Quotas in place to ensure an even split by age and income
- After qualifying, respondents were randomly selected to evaluate one of two concepts
- During analysis, data weighted by gender and income to reflect population and qualification incidence

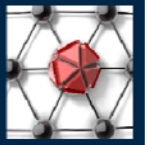
# DEFINITION OF LONG-TERM CARE



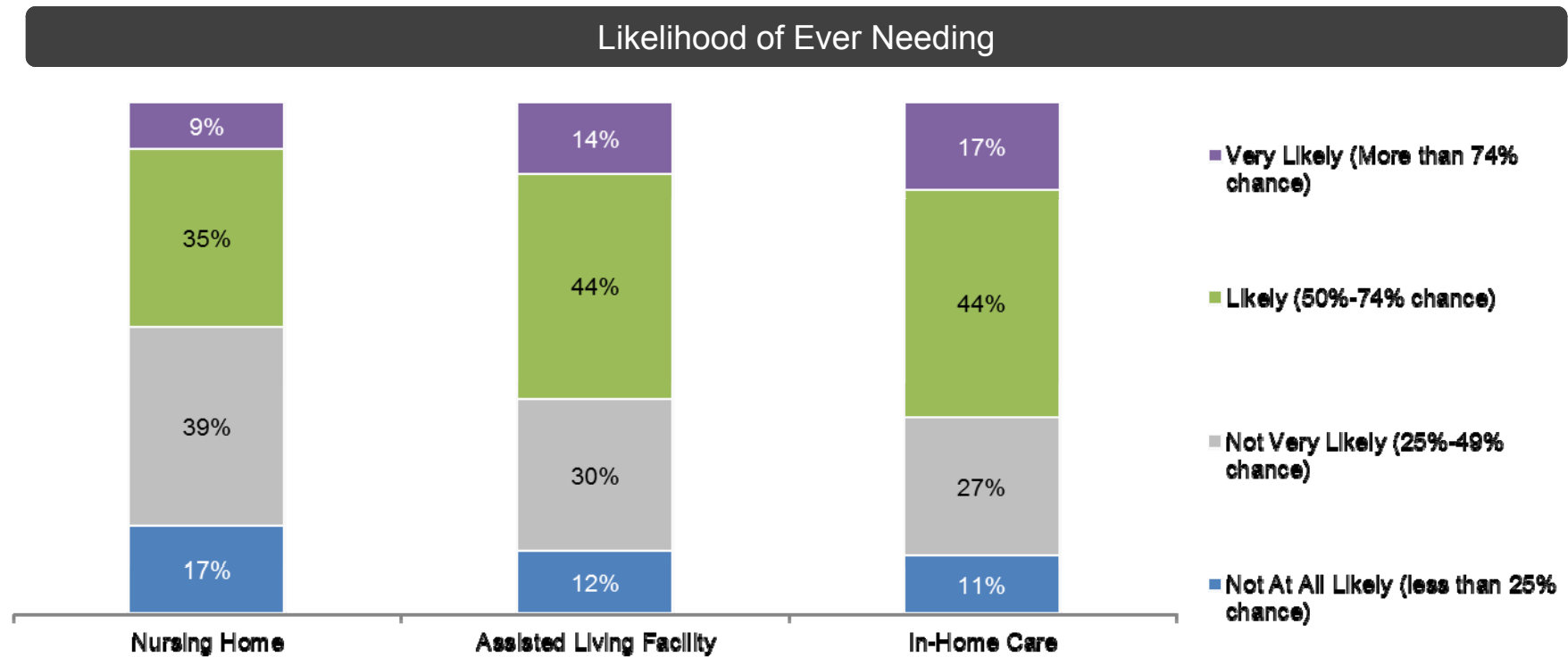
- Early in the questionnaire, respondents were asked about their experiences with and perceptions of needs related to “help taking care of yourself.” The phrase “long-term care” was not used.
- Immediately prior to the concept evaluation, a definition of long-term care was provided to all respondents



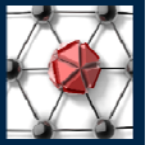
# EXPECTATIONS FOR FUTURE CARE NEEDS



- More than half of respondents believe they are more likely than not to need long-term care services in the future

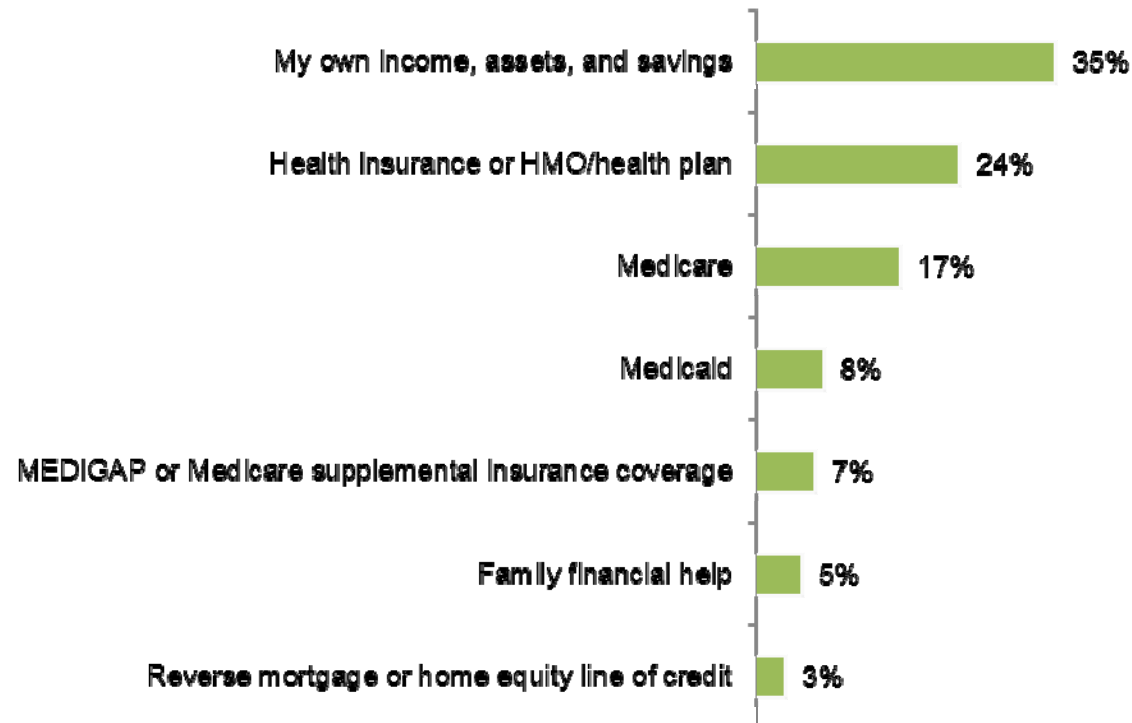


# HOW EXPECT TO PAY FOR FUTURE CARE NEEDS



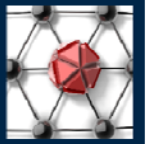
- On average, consumers believe that they will personally finance only about 1/3 of any future long-term care needs

How Expect to Pay For Needed Care (Average % Sourced From)

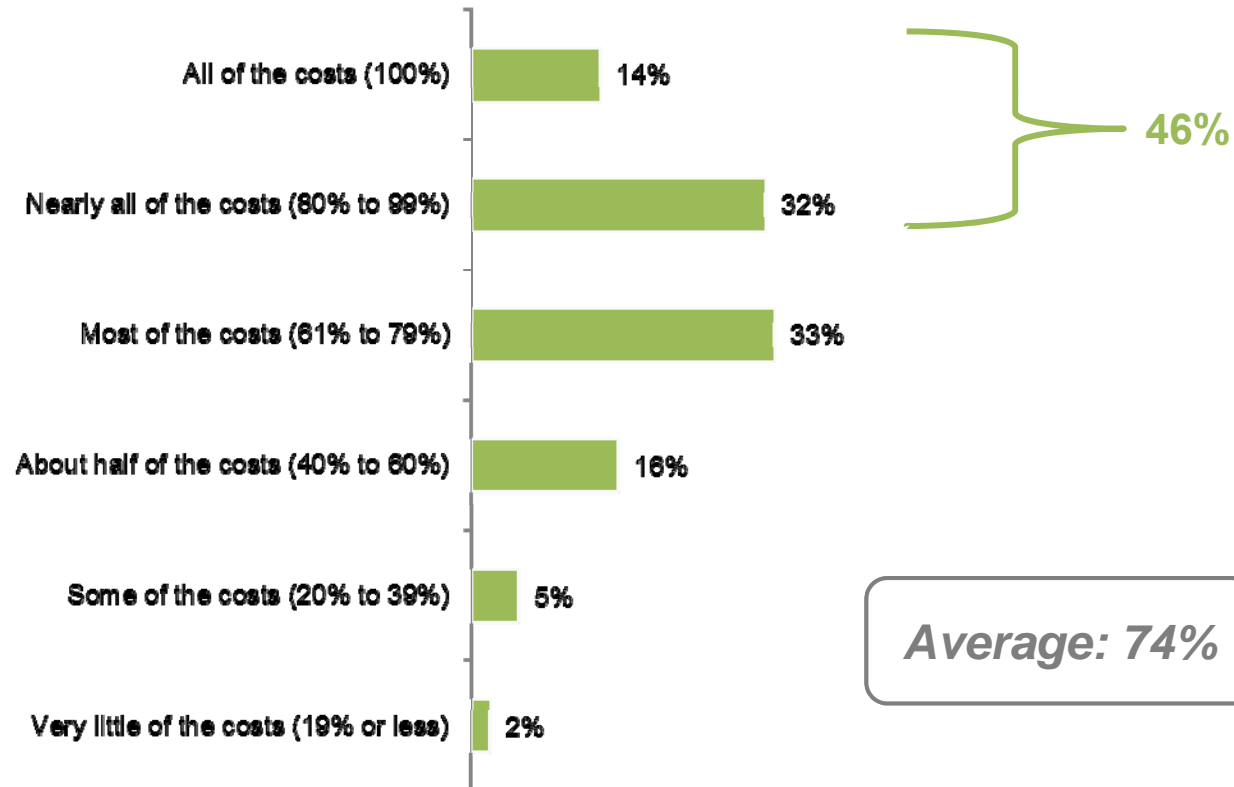




# EXPECTATIONS FOR WHAT LTCI WOULD COVER



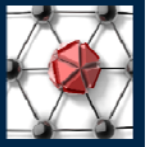
## Expected % of Costs Covered



Base = Total Respondents (n=800)

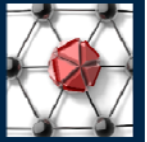
Q40. Imagine that you decided to purchase an insurance policy that specifically pays for long-term care services when and if you need them in the future. If you had such a policy, about how much of your future long-term care costs do you expect that policy would be likely to cover?

# HIGH LEVEL IMPRESSIONS OF THE CONCEPTS

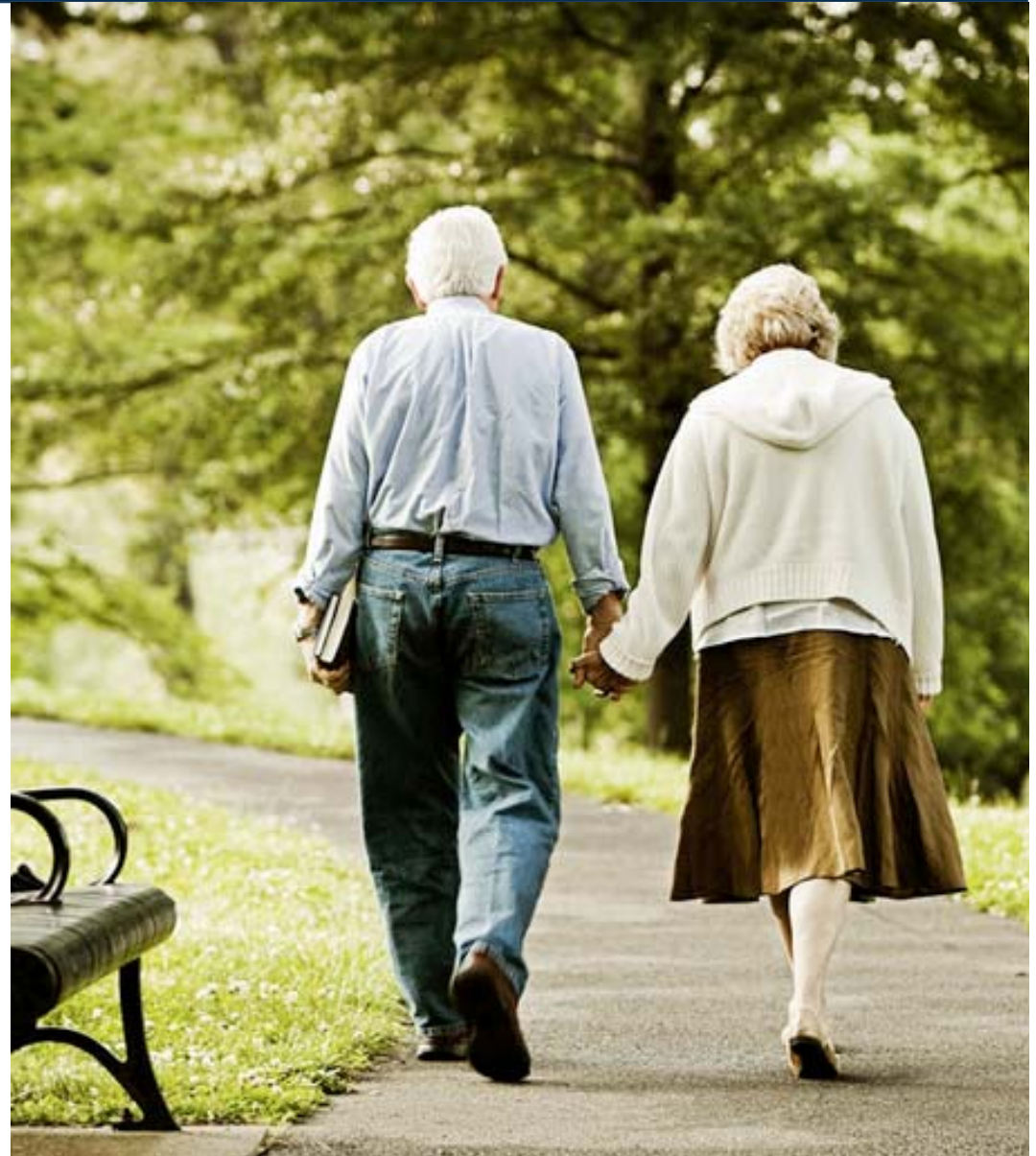


- Both concepts are well received and consumers can envision a need for them.
  - The majority find both concepts to be easy to understand and believable.
  - Many also feel both products bring something new to category.
- Regardless of current age, consumers are more likely to see either product as filling a future need than a current need.
- Price is a likely barrier for many as “interest in investigating further” drops sharply after exposure to price.
  - Of note, purchase intent is higher among those who chose a larger benefit level. Those who see the benefits of the products may be willing to pay more to get the coverage they desire.

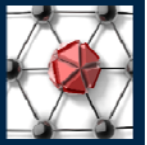
# KEY TAKEAWAYS FOR LIFESTAGE PROTECTION



- Initial impressions are positive and this concept fills a need for consumers in the future, driven by the combo product design that transitions as they get older.
  - However, there is some concern about not choosing the right transition age.
  - The option to pay more to get a post-transition death benefit or to use LTCI benefits prior to the transition age is likely to increase interest.



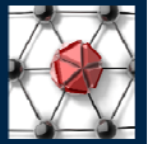
# KEY TAKEAWAYS FOR RETIREMENT PLUS



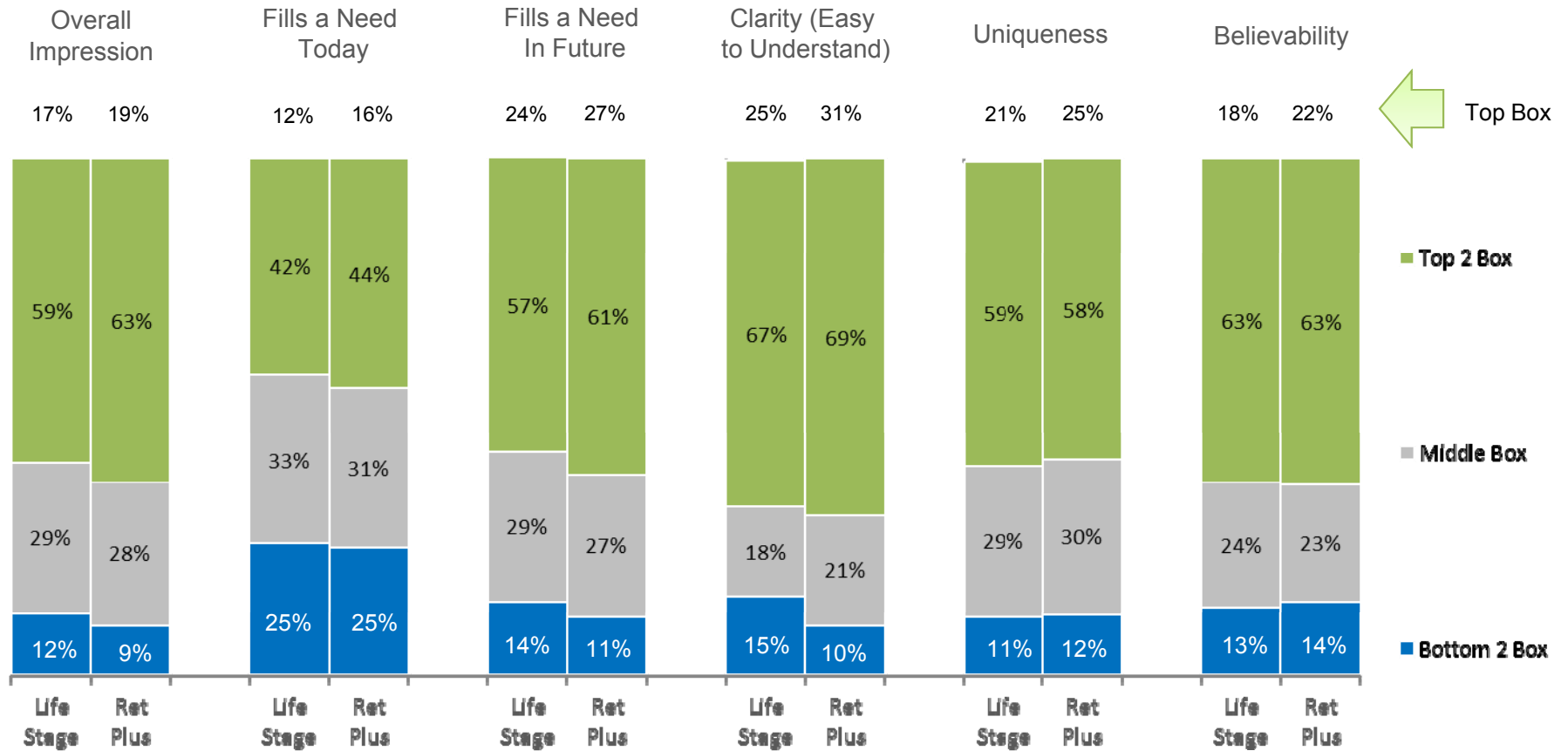
- Consumers have a positive initial reaction to this concept and its flexibility to use saved funds for any desired purpose
  - Highlighting the benefits of this product compared to other separate savings and insurance options will be important to converting hesitant or skeptical consumers
  - The option to have access to the insurance benefit early, for an added cost, is likely to increase interest



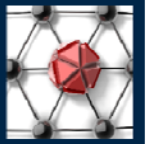
# SUMMARY OF KEY DIAGNOSTICS (PRICED)



## Summary of Key Diagnostics (Priced)



# LIKES & DISLIKES OF LIFESTAGE PROTECTION



Top likes focus on the transition/combination product and security/protection.

## What Do Consumers Like About It?



"Flexibility in changing needs through different life stages."  
[Male, Age 35]

"I like the combination of life insurance transitioning to long term care insurance."  
[Female, Age 39]

"It protects my family during my income years if something happens to me, which later also covers me long-term."  
[Male, Age 49]

"Good that it is still useful after I no longer need life insurance."  
[Female, Age 40]

"I like that the insurance serves two purposes in its lifetime."  
[Male, Age 39]

"I really like that this insurance starts as life insurance and then at a targeted age switches to a long term care insurance."  
[Male, Age 48]

"I like the security and well-being this product provides."  
[Male, Age 42]

"It is a good idea, considering how the coverage changes according to need. It's also nice that the amount you pay remains the same for the duration of the policy."  
[Male, Age 42]

## What Do Consumers Dislike About It?



"Cost and concern you or your loved ones lose out if you don't need long term care."  
[Female, Age 49]

"I am afraid it would not be worth what I had to pay for it."  
[Female, Age 46]

"It is all a gamble...would be better if it could stay life insurance until and if it was needed vs making a choice to convert it."  
[Female, Age 50]

"Not enough information to really make a decision. It sounds reasonable, but who knows and I don't trust insurance companies."  
[Male, Age 36]

"I guess I just don't understand it that well. What if you select an age now, but at that age you don't need that kind of care."  
[Female, Age 53]

"You have to guess when you're going to need to make the switch."  
[Male, Age 55]

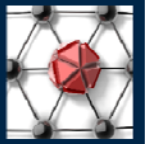
"If I'm above 45 I'm not sure it will work for me."  
[Male, Age 54]

"What happens if you don't need long term care."  
[Male, Age 37]

Base = Evaluated LifeStage Protection (n=402)

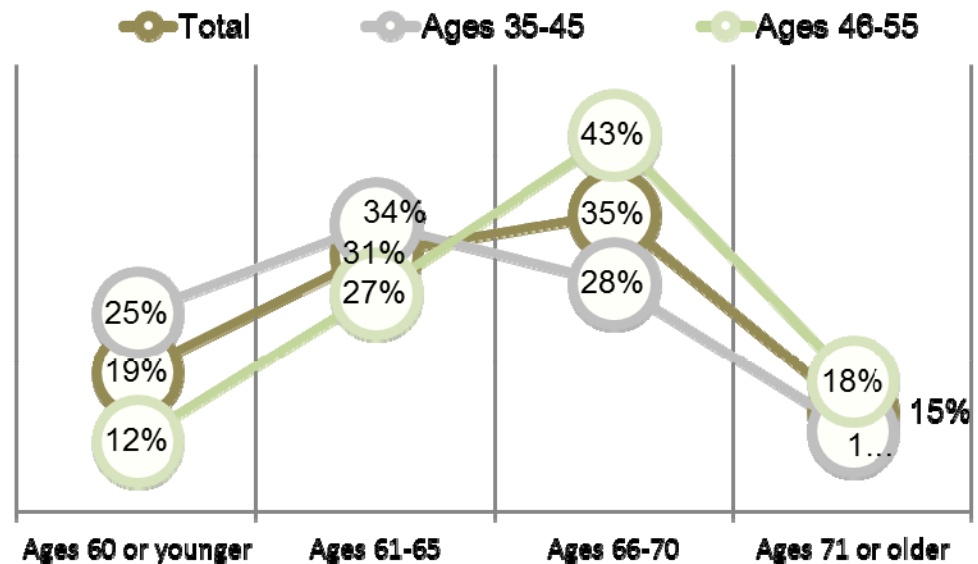
Q19. Please explain what you like most about this product./Q20. Please explain what you dislike most about this product.

# AGE OF DESIRED TRANSITION



LifeStage Protection

- A majority would set the transition age in the 61-70 range, primarily based on how long they expect to stay healthy and when they plan to retire.
  - > There was some concern about not knowing when to set the age and fear of picking the wrong age.



Base = Evaluated LifeStage Protection (n=402)

Q34. At which age would you prefer the product transition from a life insurance policy to long-term care coverage?/Q35. Why did you choose that age?

# LIKES & DISLIKES OF RETIREMENT PLUS



The ability to use the money saved in various ways, as well as the tax benefits, are commonly mentioned likes.



## What Do Consumers Like About It?



"Flexibility to spend funds on living expenses or long term care."  
[Male, Age 35]

"It would ensure that I could use the money for the expense as they come up and gives me more coverage and peace of mind."  
[Male, Age 46]

"That the funds can be used for anything and the tax advantages if you do use it for healthcare."  
[Male, Age 44]

"Flexible use of funds, can be used for long term care tax free."  
[Female, Age 46]

"It gives you options, if you don't need it for long term care you can use it for other things. It would provide peace of mind, and medical stuff would be tax free."  
[Female, Age 41]

"Retirement savings with a plan to help cover long term medical care needs would help protect retirement income."  
[Female, Age 50]

"I think it would be a great way to prepare for my future."  
[Male, Age 35]

"I like that this product will help me to plan for what I may need later in life; it works like a typical IRA, but with the benefit of insurance for long term care. I like that the money is not taxable if used for long term care."  
[Female, Age 44]

## What Do Consumers Dislike About It?



"Do you need to use up all your personal money before the insurance kicks in; I don't completely understand the product."  
[Female, Age 50]

"I don't know that I would want the two things combined."  
[Male, Age 52]

"Not sure if it's a better investment than doing it separately."  
[Male, Age 44]

"Expensive for retirees."  
[Male, Age 54]

"The fees for the account may be too costly to my long term savings amount."  
[Female, Age 49]

"I'm not sure if this product is entirely necessary for me."  
[Male, Age 36]

"Not clear what type of product this is. Need to know more about it, especially fees and costs."  
[Female, Age 41]

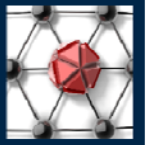
"Don't understand all the costs associated."  
[Female, Age 52]

Base = Evaluated Retirement Plus (n=398)

Q19. Please explain what you like most about this product./Q20. Please explain what you dislike most about this product.



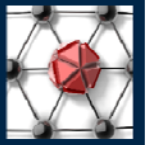
# DIAGNOSTICS BY AGE AND INCOME



- Initial impressions of LifeStage Protection are strongest among the older and more affluent group. However, after price is introduced, interest is generally consistent across groups.
- While older consumers are more likely to understand and believe the Retirement Plus description, a younger consumer with lower income is the most likely to want to investigate the idea further.

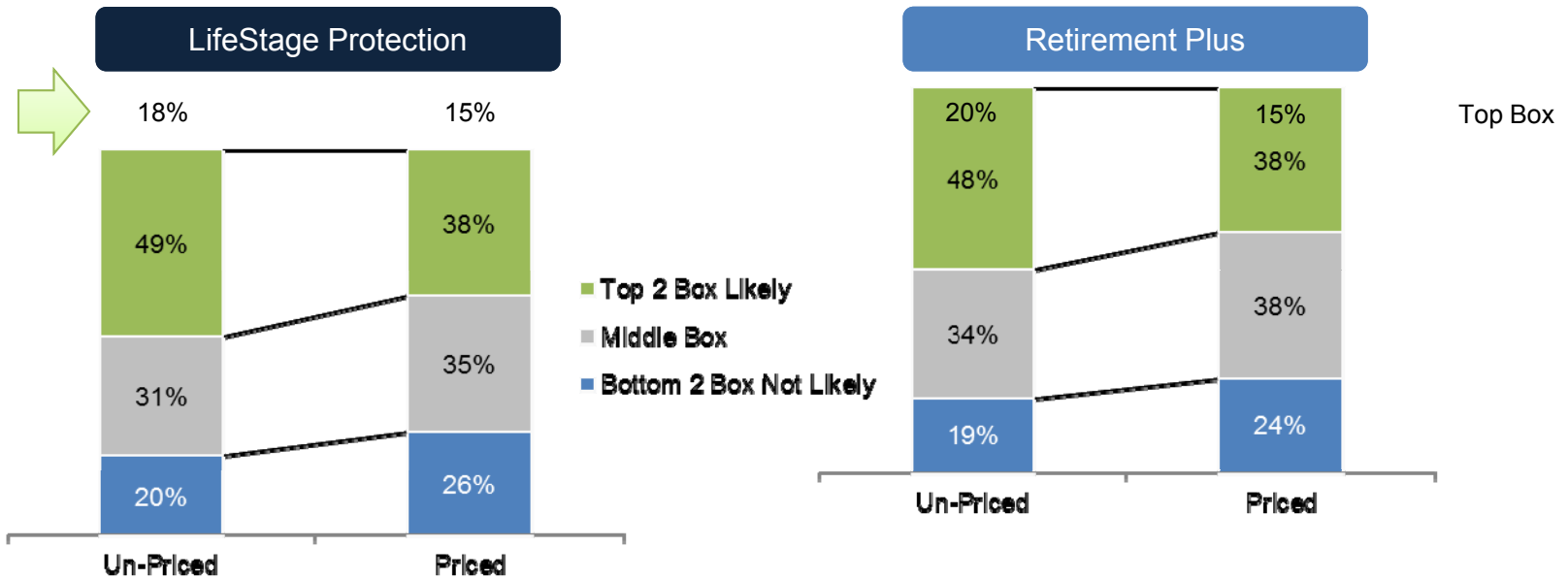


# LIKELIHOOD TO INVESTIGATE (PRE & POST PRICING)



- Real value is perceived in both concepts (45% top 2 box score), but after exposure to price, interest in investigating further drops.

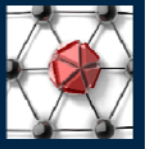
Would you be willing to investigate further?



Base = Evaluated Concept

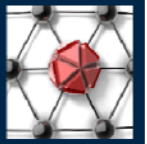
Q25. How likely would you be to investigate this product further?/Q28. How likely would you be to investigate this product further?

# BENEFIT LEVEL PREFERENCE



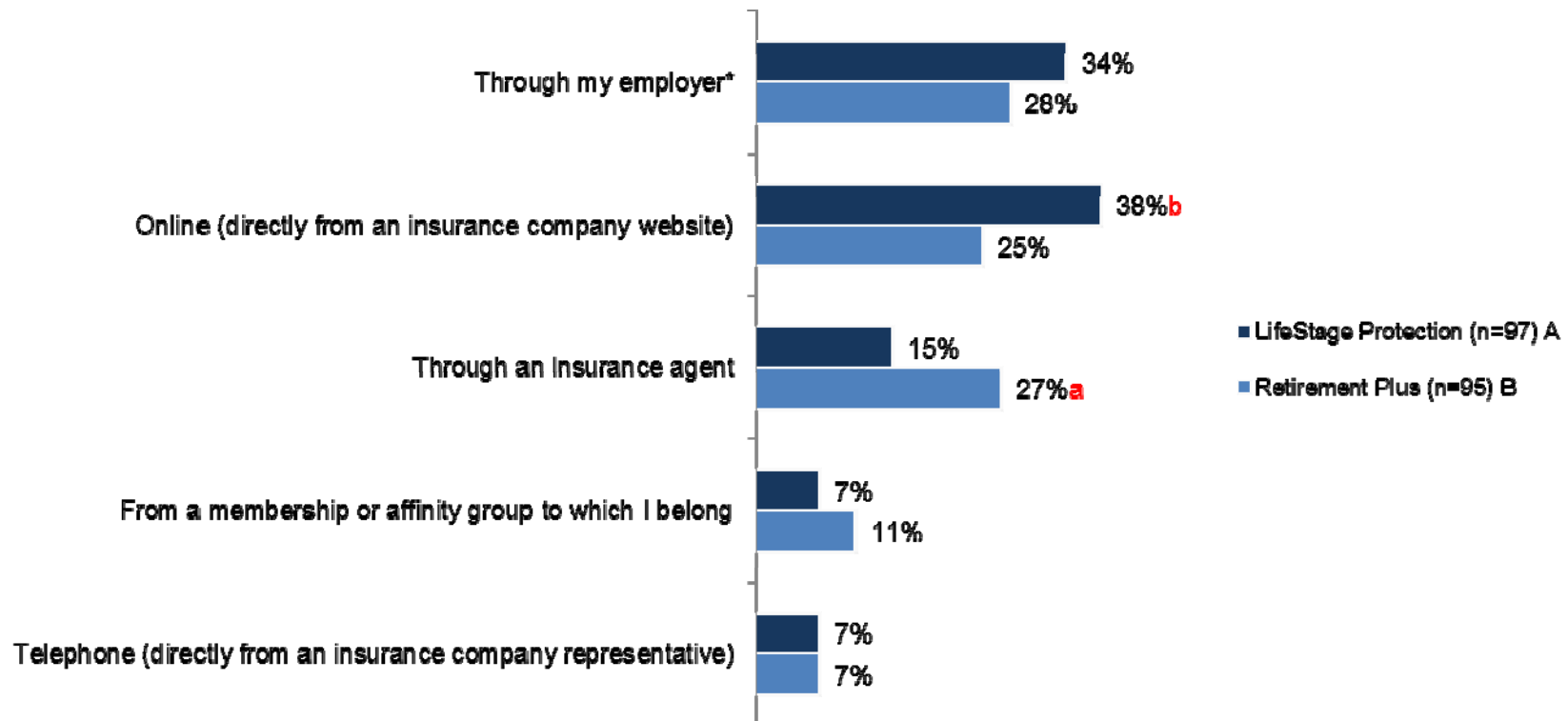
- There is no clear consensus around desired benefit level for either concept
- For LifeStage Protection, the more affluent group, and in particular younger and more affluent, is more likely to choose a larger benefit level
- Younger, wealthier consumers would prefer a larger benefit level for Retirement Plus, while older consumers with lower income are more likely to choose the smaller benefit level

# DESIRED PURCHASE METHOD (AMONG ACCEPTORS)



- About 1/3 of respondents would be most interested in purchasing through their employer...

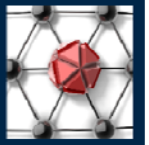
## First Choice in How To Purchase



Base = Evaluated Concept and Acceptor / Base = Evaluated Concept and Acceptor and First Choice NOT to Purchase Through Employer (and Not Self-Employed)

Q32. Which of the following would be your first choice for how you would like to buy this product?

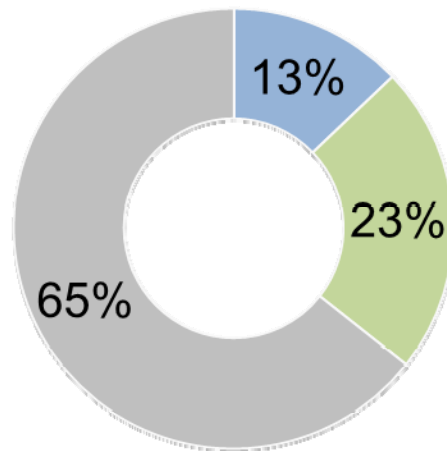
# IMPACT ON INTEREST IF ONLY AVAILABLE THROUGH EMPLOYER



- But many would still be interested in purchasing if they had to go elsewhere to obtain it

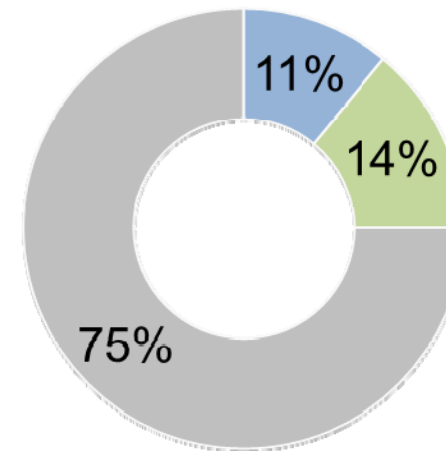
Impact on Interest (if only offered through employer)

LifeStage Protection (n=57)



■ Significantly Less Interested  
■ Somewhat Less Interested  
■ No Impact

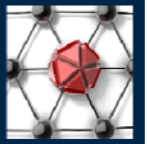
Retirement Plus (n=58)



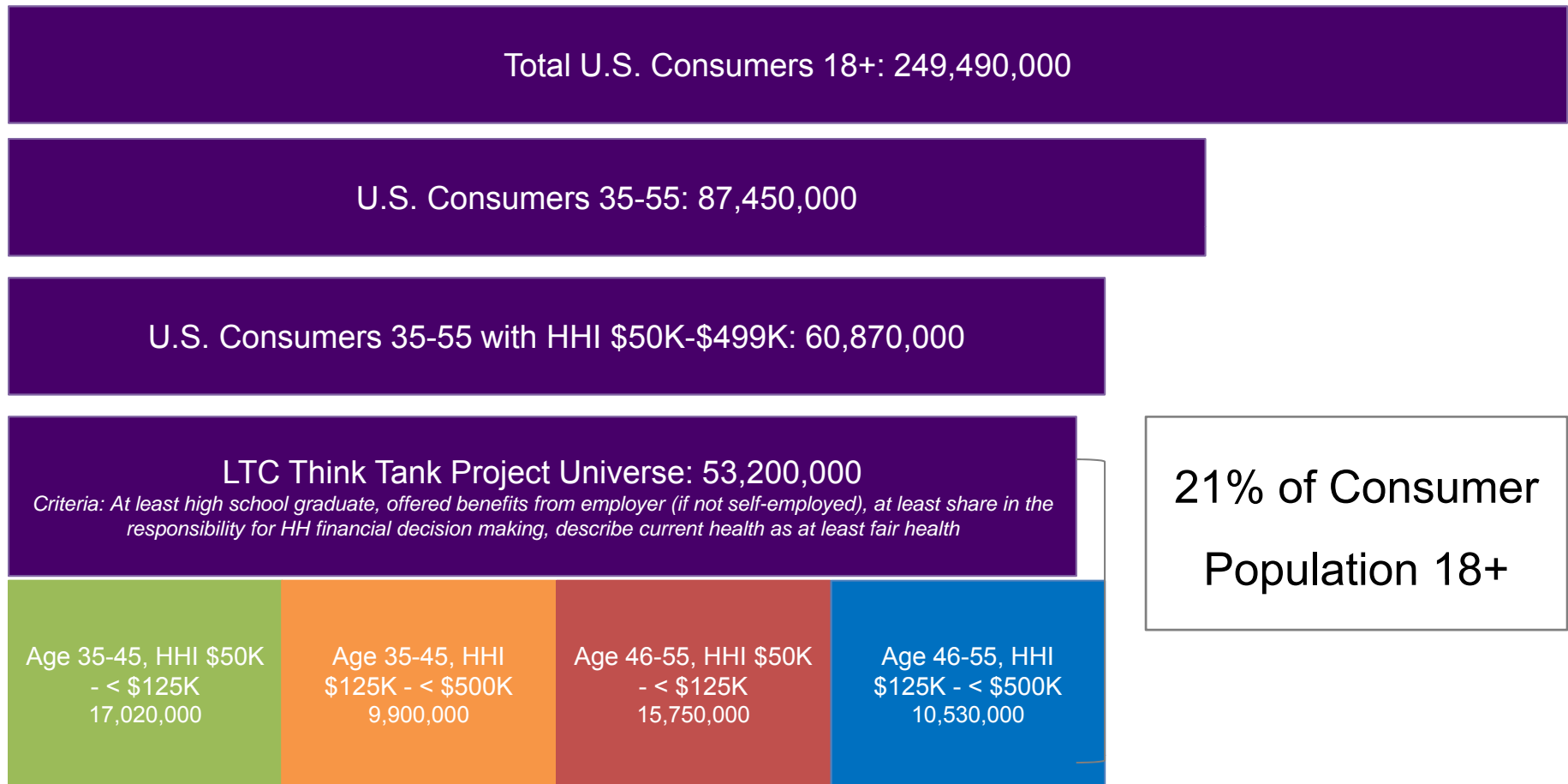
Base = Evaluated Concept and Acceptor / Base = Evaluated Concept and Acceptor and First Choice NOT to Purchase Through Employer (and Not Self-Employed)

Q33. If this product was only offered through your employer, what impact would it have on your interest in signing-up or enrolling in the future?

# CONCEPT MARKET SIZING

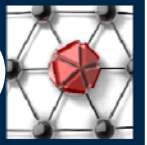


- There are roughly 53 million consumers in the relevant Project Universe.

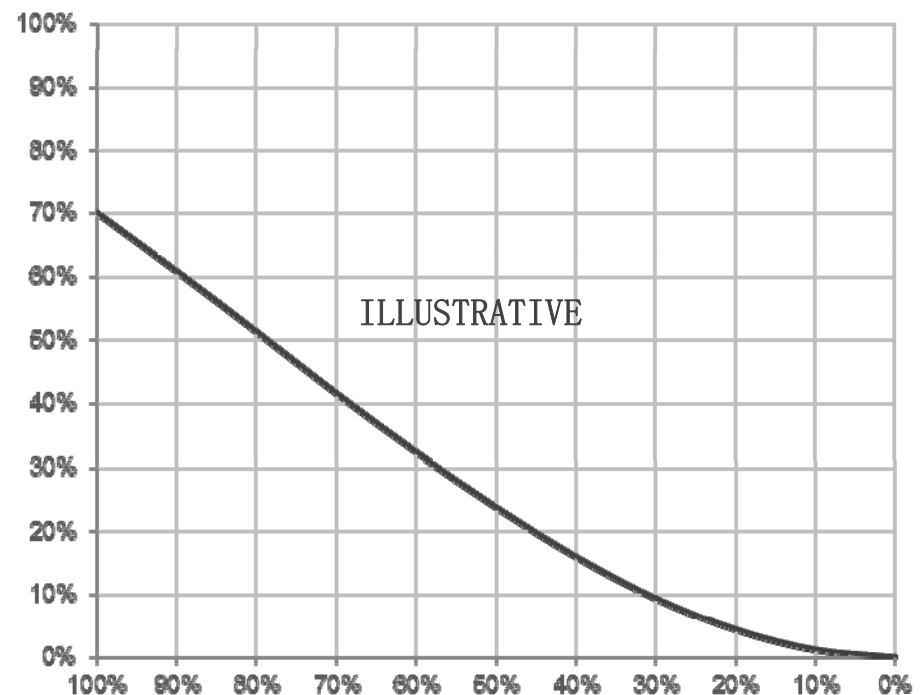
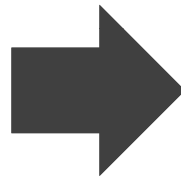


Sources: U.S. Census 2016, DQYDJ.com, LTC Think Tank Concept Study 2017

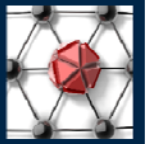
# CONCEPT TEST PURCHASE INTENT (ADJUSTED TRIAL)



- Respondents were asked about their purchase intent using an 11-point scale.
  - Self-reported purchase intent was then adjusted to reflect real-world behavior — based on more than 20 years of normative forecasting data.
- Certain (that is, 99 chances in 100)
- Almost certain (90 chances in 100)
- Very probable (80 chances in 100)
- Probably (70 chances in 100)
- Good possibility (60 chances in 100)
- Fairly good possibility (50 chances in 100)
- Fair possibility (40 chances in 100)
- Some possibility (30 chances in 100)
- Slight possibility (20 chances in 100)
- Very slight possibility (10 chances in 100)
- No chance (0 chances in 100)

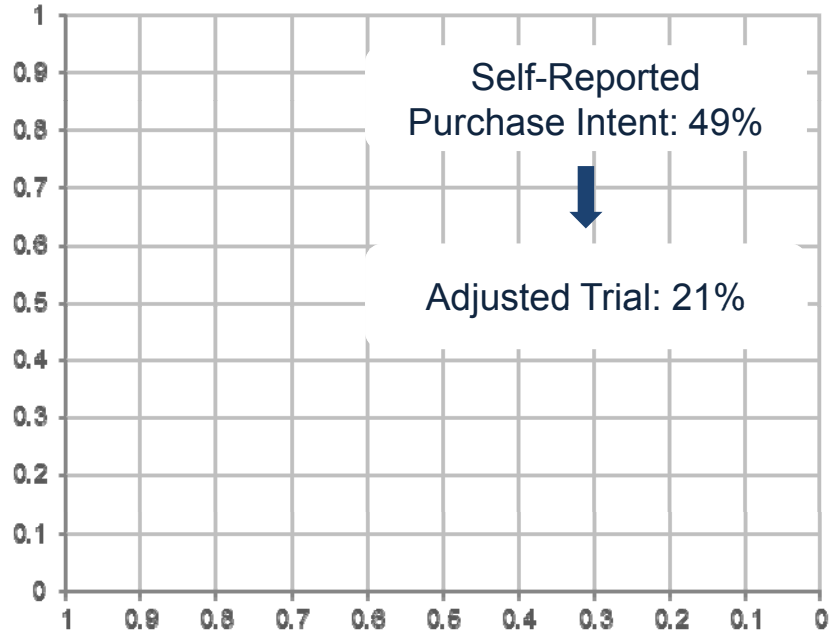


# PURCHASE INTENT (SELF-REPORTED & ADJUSTED)

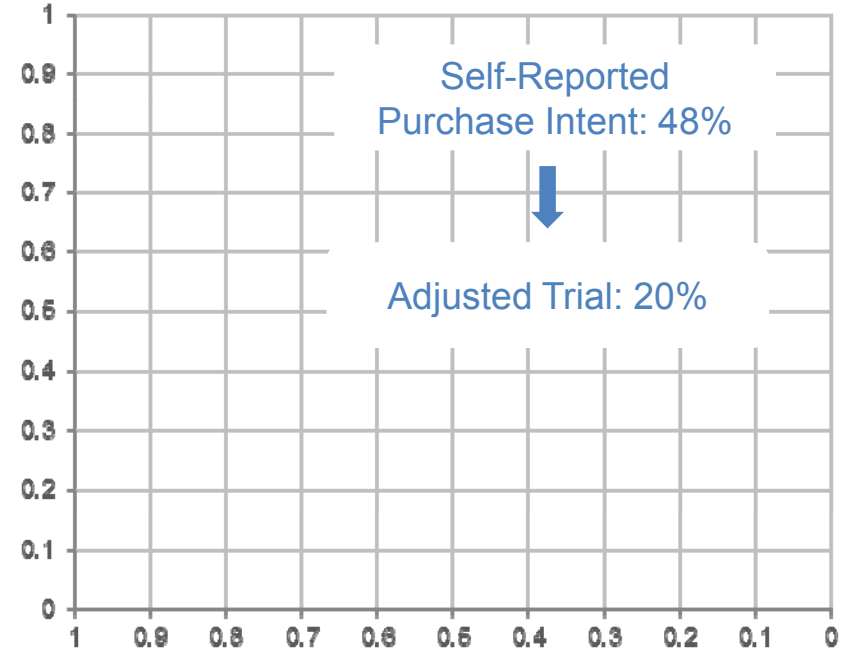
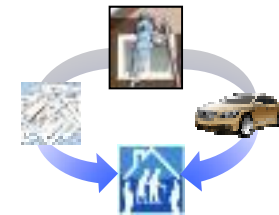


- Both concepts posted strong self-reported purchase interest.

## LifeStage Protection



## Retirement Plus

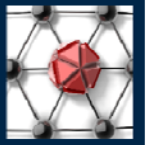


Base = Evaluated LifeStage Protection (n=402) / Base = Evaluated Retirement Plus (n=398)

Q30. How likely would you be to purchase this product within the next two years?



# ADJUSTED TRIAL – BY TARGET AGE & INCOME



- Interest in both products is generally consistent across age and income groups.
  - > Younger consumers with a lower income show a slightly greater interest in Retirement Plus compared to their older or more affluent counterparts.

Impact on Interest (if only offered through employer)

## LifeStage Protection

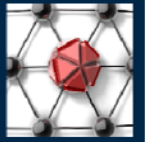
## Retirement Plus

	35-45/ \$50K-<\$125K (n=103) A	35-45/ \$125K-<\$500K (n=101) B	46-55/ \$50K-<\$125K (n=97) C	46-55/ \$125K-<\$500K (n=101) D	35-45/ \$50K-<\$125K (n=100) E	35-45/ \$125K-<\$500K (n=101) F	46-55/ \$50K-<\$125K (n=98) G	46-55/ \$125K-<\$500K (n=99) H
Self-Reported Purchase Intent	52	49	48	46	54 <sup>fG</sup>	47	43	48
Adjusted Trial	22	21	20	19	23	19	18	20

Base = Evaluated LifeStage Protection (n=402) / Base = Evaluated Retirement Plus (n=398)

Q30. How likely would you be to purchase this product within the next two years?

# CALCULATING PROJECTED POLICYHOLDERS



## LifeStage Protection

## Retirement Plus



Project Universe	<b>53,200,000</b>	
x Access (% for who the product will be available to purchase)	100%	100%
x Year 1 Awareness (% who will have heard & learned about the product)	0.25%	0.25%
<b>x Adjusted Trial</b>	<b>20.6%</b>	<b>20.2%</b>
x 50% who will buy in Year 1	0.5%	0.5%
=	<b>Year 1 Projected Policyholders</b>	
x Year 2 Retention Rate (% of policyholders retained from year 1)	95%	95%
=	Policyholders retained from Year 1	
+	New Policyholders (50% of projected buyers made aware in Year 1)	
+	New Policyholders (50% of projected buyers made aware in Year 2)	
=	<b>Year 2 Projected Total Policyholders</b>	

Assumptions based on conservative estimates determined in conjunction with the Think Tank Core Team.

# TOTAL PROJECTED POLICYHOLDERS - YEARS 1 TO 5



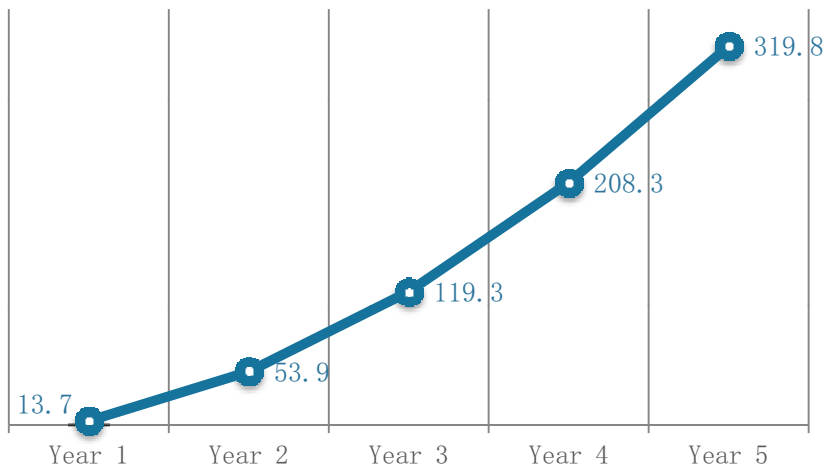
## LifeStage Protection



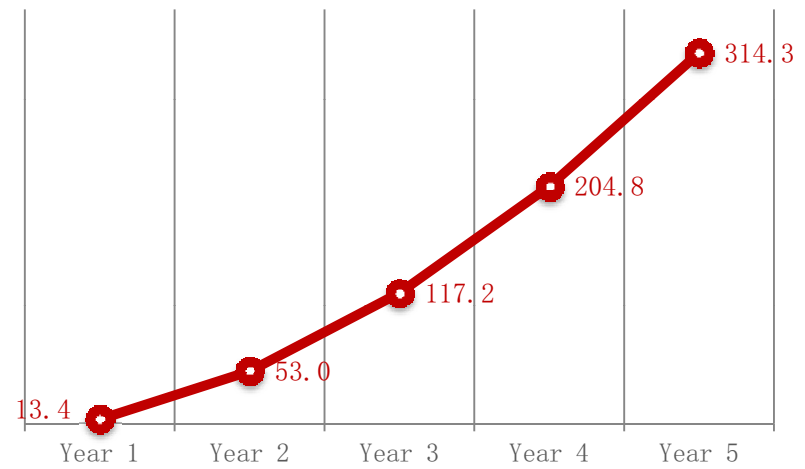
## Retirement Plus



LIFESTAGE PROTECTION (THOUSANDS)

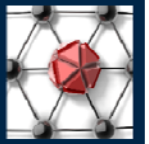


RETIREMENT PLUS (THOUSANDS)



	Year 1	Year 2	Year 3	Year 4	Year 5
Access	100%	100%	100%	100%	100%
Awareness	0.25%	0.5%	0.75%	1.0%	1.25%
Retention	n/a	95%	95%	95%	95%

# CALCULATING PROJECTED PREMIUM REVENUE



## LifeStage Protection



## Retirement Plus



Year 1 Policyholders

13,700

13,400

x % Who Select Each Benefit Level

x Median Monthly Premium for Selected Benefit Level

x 6 (average months of revenue per new policyholder)

=

**Total Premium Revenue in Year 1**

Year 2 New Policyholders

40,900

40,200

x % Who Select Each Benefit Level

x Median Monthly Premium for Selected Benefit Level

x 6 (average months of revenue per new policyholder)

+ Renewing Policyholder Revenue

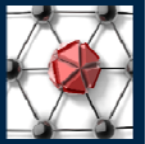
*Total Monthly Premium Revenue x 12 x Renewal Rate*

=

**Total Premium Revenue in Year 2**

*Assumptions based on conservative estimates determined in conjunction with the Think Tank Core Team.*

# TOTAL PROJECTED PREMIUM REVENUE - YRS 1 TO 5



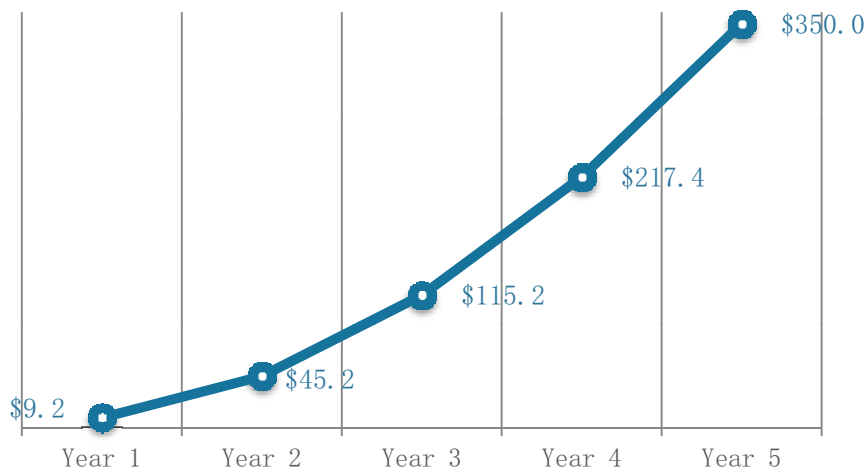
## LifeStage Protection



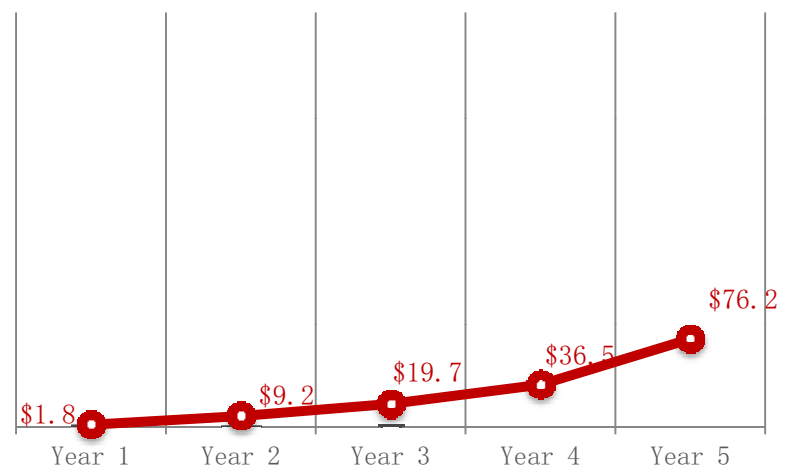
## Retirement Plus



LIFESTAGE PROTECTION (MILLIONS)

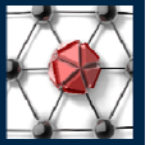


RETIREMENT PLUS (MILLIONS)

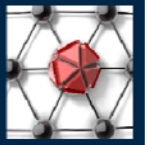


	Year 1	Year 2	Year 3	Year 4	Year 5
Access	100%	100%	100%	100%	100%
Awareness	0.25%	0.5%	0.75%	1.0%	1.25%
Retention	n/a	95%	95%	95%	95%

# PROJECTION IMPLICATIONS



- Projections are highly dependent on assumptions (e.g., access, awareness). A more aggressive awareness-building campaign would dramatically increase projections.
- At the projection level described in today's presentation, consumer demand for both LifeStage Protection and Retirement Plus would likely surpass that for traditional LTC product sales within 3 years.
- Value created is well beyond premium revenue for industry. There are also implications for significant government savings based on projected impacts to tax revenue and Medicaid spending.



## Benefit Level

- Offer higher benefit level options, and consider raising the upper limit beyond what was tested (\$300K for LifeStage Protection, \$200K for Retirement Plus).

## Optional Features

- For LifeStage Protection, offer optional coverage add-ons for LTC insurance pre-transition and life insurance post-transition.
- For Retirement Plus, offer ability to utilize LTC insurance benefit prior to spending down investment account balance.

## Distribution

- Further explore employer, online/direct, and agent distribution channels.

*Public Policy & Alternative Finance Solutions*

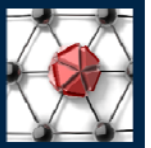
# **Reflecting on the Market Research**



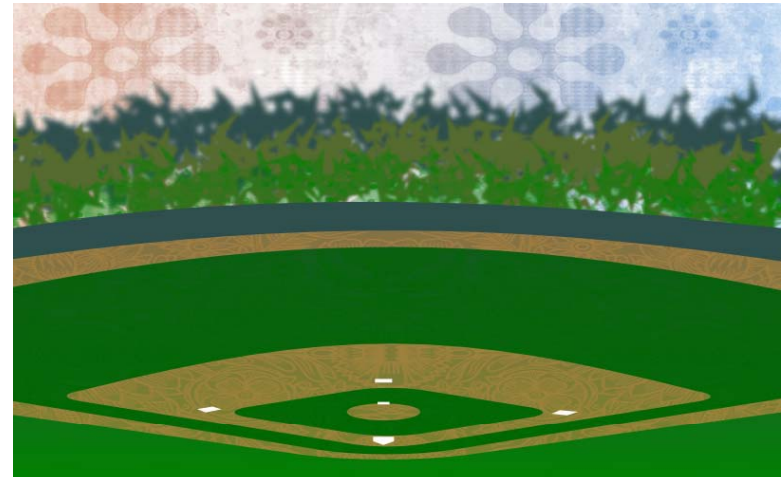
**18th Annual Intercompany Long Term Care Insurance Conference**



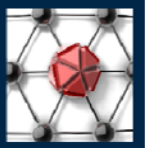
# Critical Need for Middle Market Products



- Generating ideas from Think Tank was important starting point
- But just because we like an idea, doesn't mean consumers will embrace it
- We've learned the hard way....if you build it, they may not come.

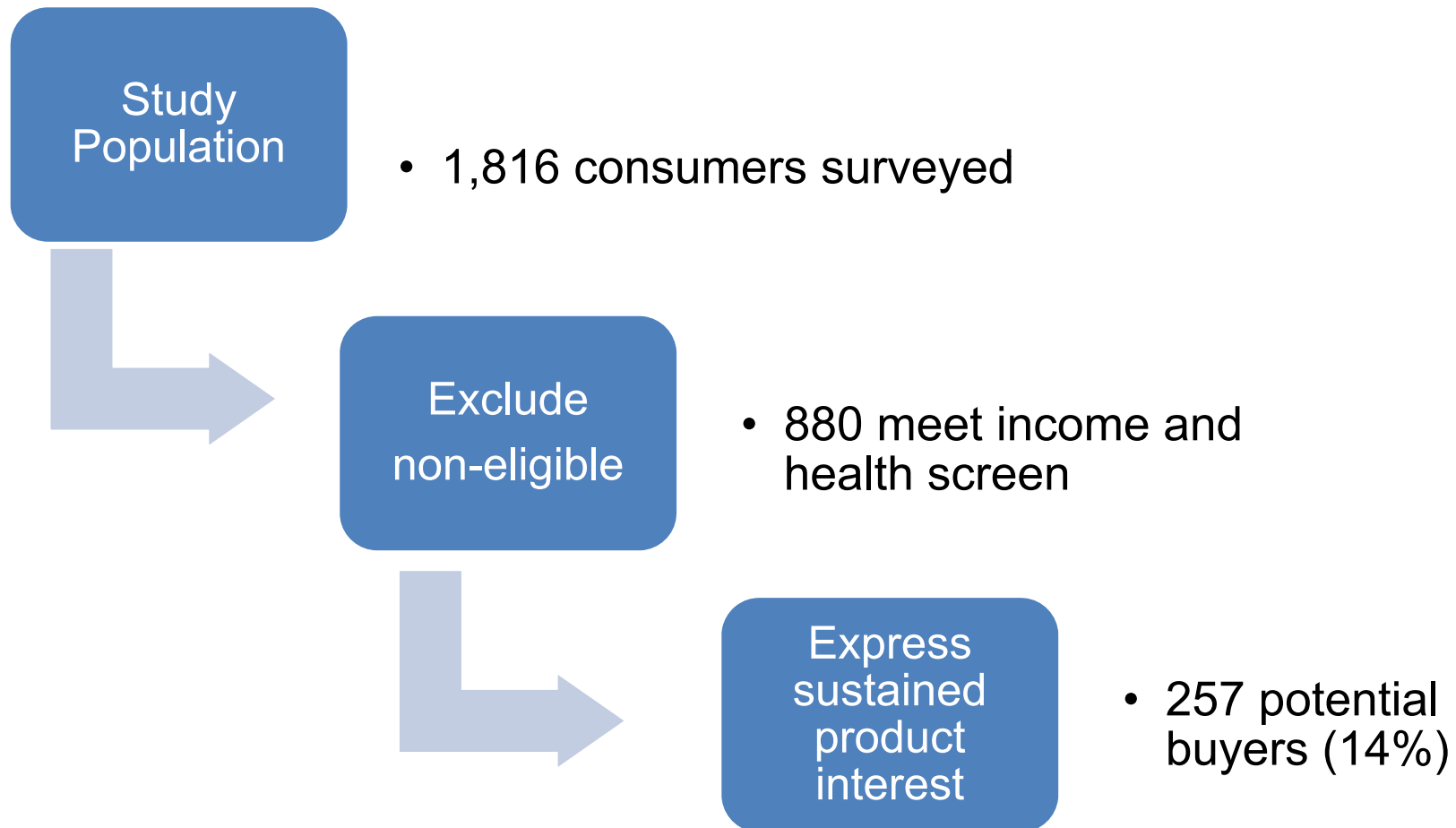
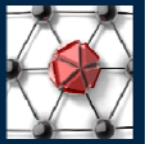


# Importance of Market Testing

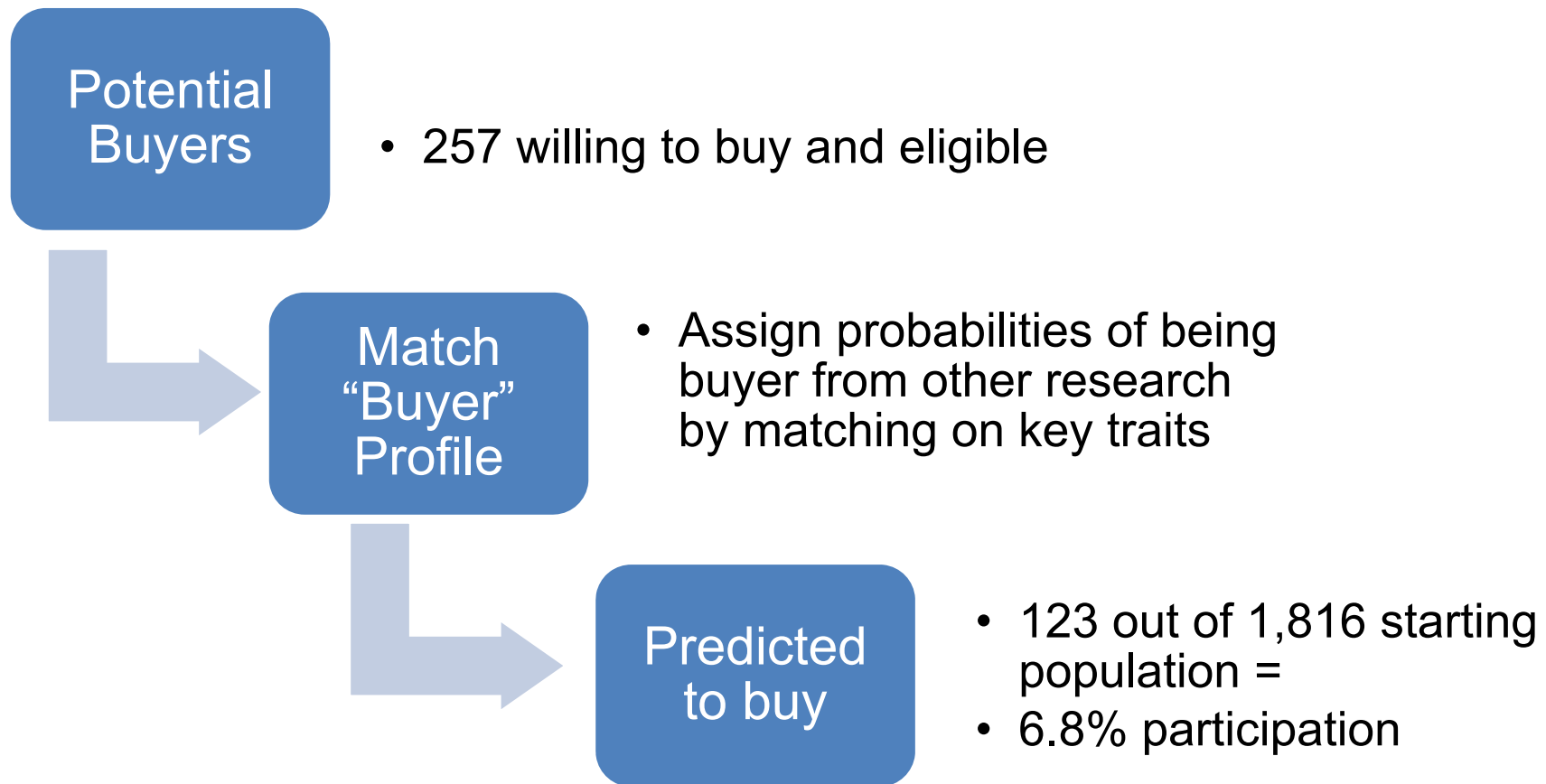
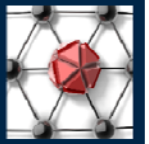


- Important to success = use a rigorous research framework to develop and refine product, size demand, and identify market segments and messages
- Use both qualitative and quantitative research; both provide important and different types of insight
- Test real product features with real prices in as close to real distribution style as possible
- Understand that actual behavior will differ from expressed behavior in a research setting
- Use sound methodologies for translating “interest” to “purchase”

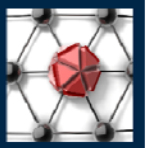
# Sample Demand Analysis



# Sample Demand Analysis (continued)

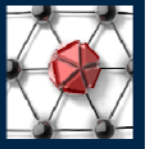


# Identify market segments & attitude drivers



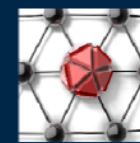
- How similar to other LTC buyer vs. non-buyer profiles are these findings?
- From over 25 years of analysis, have strong patterns of demographics and attitudes associated with product purchase and non-purchase
- Look at LifeStage and Retirement Plus data against that framework
- Example Product Acceptors vs. Rejecters

# Product Acceptors



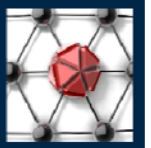
- Those who said they are 80% to 100% likely to buy within the next two years – after knowing price.
- Following traits emerged as statistically significant when compared to product rejecters – those in the lowest categories with regard to intent to buy (20% chance or less)

# Demographics – LifeStage



- Male
- Have children under age 18
- Live in the west
- Have an employer that offers whole life insurance
- Have an HSA through their employer
- Obtained a 401k and/or whole life policy on their own
- Have total net worth excluding home of \$100,000 - \$249,999
- Been at their current job for 11-20 years

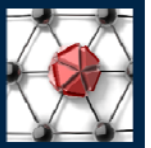
# Demographics – Retirement Plus



- Have children under age 18
- Obtained a whole life or disability policy on their own.
- *Divorced*
- *Live in suburban area*
- *High school graduate or technical/vocational school*
- *Hispanic; Asian*
- *Less likely to say they have not obtained some type of product on their own.*
- *Ages 35-45 with HH incomes \$50,000 to \$124,999 and with \$125,000 to \$499,000*
- *Investible assets excluding home over \$100,000*
- *Homeowner and home values of \$200,000 to \$299,999 or over \$1 million*

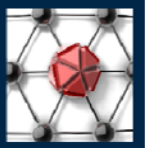


# Attitudes - LifeStage



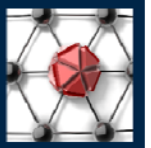
- Have LTC experience with family/friends
- Perceive higher than average risk of needing LTC
- Worry that changing health or rising premiums might make it harder to obtain LTC coverage later on
- Strongly agree that “LTC insurance that pays for some LTC is better than none.”
- Strongly agree with variety of attitudes about value of planning in advance for LTC needs:
  - Protect family income and savings
  - Better care choices
  - Avoid being burden

# Attitudes – Retirement Plus



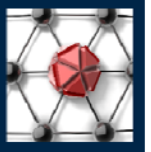
- Have LTC experience with family/friends
- Perceive higher than average risk of needing LTC
- Worry that changing health or rising premiums might make it harder to obtain LTC coverage later on
- Strongly agree that “LTC insurance that pays for some LTC is better than none.”
- Strongly agree with variety of attitudes about value of planning in advance for LTC needs:
  - Protect family income and savings
  - Better care choices
  - Avoid being burden
  - *Enhance opportunity to receive care at home*

# Attitudes – Retirement Plus (Continued)



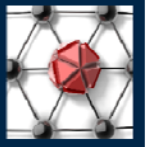
- *Feels they have enough information to make a purchase decision*
- *Believe it is a good idea to have LTC insurance right now*
- *Feel LTCL is affordable right now*
- *Know someone who recently needed LTC*
- *Less likely to share decision-making with family member*

# Caveats



- Samples assigned randomly to each product
- Did not compare respondent profile between the two groups
- Some observed differences in “acceptor” and “rejecter” profiles could lie in sample differences

# Conclusion



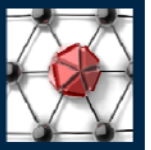
- Attitudes typically emerge as more significant than demographics
- Prior research on 55+ population vs. our study group ages 35-55
- Despite younger ages, strong similar attitudes driving purchase interest
- Analysis done before adjusted trial numbers and small sample sizes
- Raising/reinforcing LTC awareness important component of product interest

# *Public Policy & Alternative Finance Solutions*

## **Where do we go from here?**

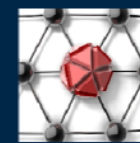


**18th Annual Intercompany Long Term Care Insurance Conference**



- LifeStage and Retirement Plus as examples of LTC innovation
  - Concepts identified in the Think Tank brainstorming effort
  - SOA Innovation grant to evaluate consumer reaction to them
  - Positive results - so continuing the journey of moving them from idea to concept to product

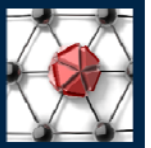
# Moving from concept to product



- Publicizing the initiative- Media Plan
  - Range of targets
    - Industry
    - Consumers
    - Regulators
    - Other stakeholders
  - Variety of messages
- Socializing the concepts and process
  - ILTCI
  - Aging in America Conference (ASA)
  - SOA Health conference
  - Supplemental Health Conference
  - Others

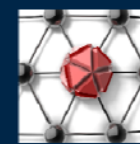


# Moving from concept to product



- Outreach to other stakeholders
  - Regulatory
    - NAIC Innovation Sub-committee
    - Interstate Compact
  - Interested State Insurance commissioners
  - Other state departments (i.e., Medicaid directors, DHS)
  - Think tanks and public policy organizations
- Identify and address questions and issues (i.e., regulatory, tax treatment, operational considerations)

# Moving from concept to product



- Explore partnering opportunities
  - Existing carriers and distribution entities
  - States – Minnesota and others
  - Public policy think tanks – e.g., BPC; Leading Age;
- Develop and evaluate “pilots”
  - Opportunities to test and finalize plan designs
  - Test potential operational approaches
    - E.g., employer group market
    - Assuring portability of pre-paid premiums
- Revisit concept with original Think Tank participants via interactive web-cast

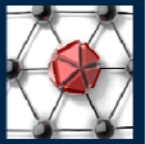
*Public Policy & Alternative Finance Solutions*

**Insert survey questions here**

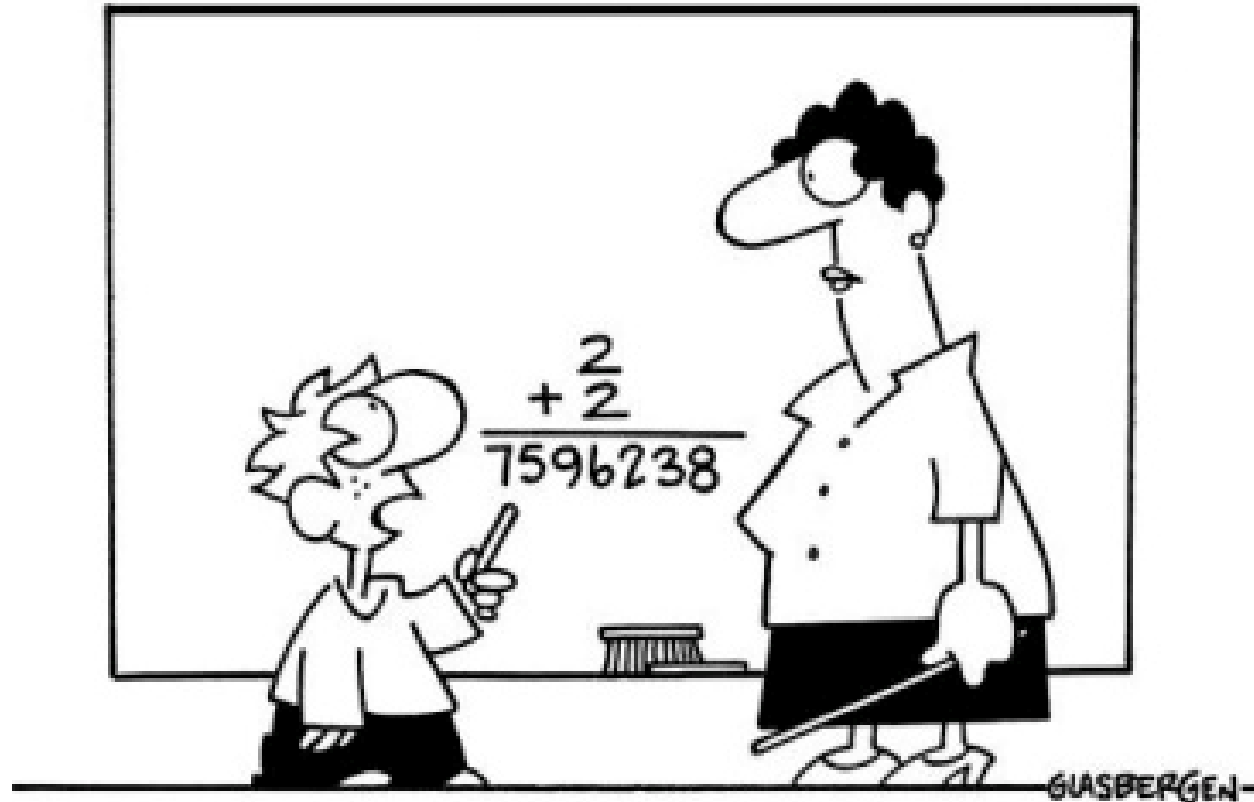


**18th Annual Intercompany Long Term Care Insurance Conference**

# QUESTIONS

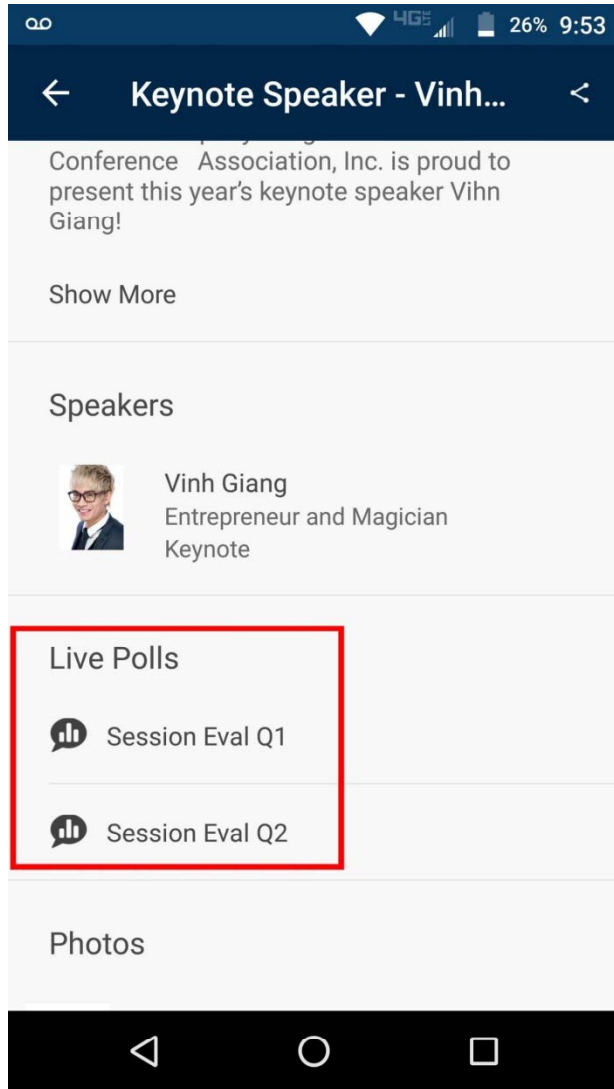
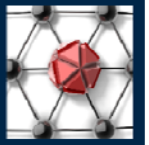


Copyright 2005 by Randy Glasbergen. [www.glasbergen.com](http://www.glasbergen.com)



**“In an increasingly complex world, sometimes old questions require new answers.”**

# Session Survey Instructions

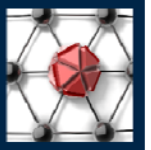


Once you are in the app go to the schedule and the session you are in.

Scroll to the bottom to find the Live Polling questions.

This year the session survey questions can be found in this section and will take just a couple seconds to complete.

# Speakers



Vincent Bodnar,

[Vincent.bodnar@genworth.com](mailto:Vincent.bodnar@genworth.com)

Cindy Malone,

[cindy.m@maddockdouglas.com](mailto:cindy.m@maddockdouglas.com)

John O'Leary,

[john@olearymarketingassociates.com](mailto:john@olearymarketingassociates.com)

Eileen J. Tell,

[eileenjtell@gmail.com](mailto:eileenjtell@gmail.com)