



Is 5% Participation Enough?

Presenters:

Cathi-Lynne Ames, Genworth Financial

Dianne Jones, Prudential

Jeff Levin, Genworth Financial

THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE





Agenda

- Setting the Stage
- Why Participation Rates are Important
 - The Financial Perspective on Participation
 - The Marketing Perspective on Participation
- How Can We Improve Participation?
- Are We Even Measuring the Right Things?



Setting the Stage

How insurers measure participation.....

$$\frac{\text{Total Number of Insureds}}{\text{Number of Employees}} = \% \text{ Participation Total}$$

Ranges from <1% to over 20%



Drivers of Participation

- Demographics of the group
- Plan design
- Marketing and communication campaign
- Employer support and commitment



Why Is Participation Important?

- Risk
- Pricing



Why Is Participation Important?

- Risk
 - Group Long Term Care Insurance is often offered on a voluntary employee-pay-all basis guaranteed issue
 - Potential for anti-selection
 - Need an adequate spread of risk
 - Group Underwriting used to accept groups with an appropriate demographic profile



Why Is Participation Important?

- Pricing
 - Assumes some level of anti-selection associated with guaranteed issue for voluntary coverage
 - the higher the participation, the lower the expected morbidity costs
 - potentially lower termination rates
 - Fixed costs associated with installing a group client
 - Fixed costs associated with second sale marketing



Keys to a Successful Implementation

Plan Design Appropriate for Employees

Range of Affordable Plans

Effective Long Term Care Messaging

Segmentation

Effective Message Delivery

Comprehensive Multi-media Communications

Employer Support and Endorsement

Appropriate Timing; HR Communications Media



Segmentation

Do You Know Your Population?

- Age
- Income
- Hourly or Salaried
- Job Classification

Age Range	Income	Population
45+	All	7,232
45+	\$60K+	4,112
45+	\$75K+	3,062
45-60	\$60K+	3,429
45-60	\$75K+	2,533
45-60	\$85K+	1,022
45-60	\$90K+	903
45-60	\$100K+	625
61-69	\$60K+	639
61-69	\$75K+	496
61-69	\$100K+	133



Effective Messaging

- Segmented Marketing Campaign
- Consumer Segmentation
 - Employee 1
 - Learn in Layers = At My Own Pace
 - Control & Value
 - Employee 2
 - Just Give Me the Facts = Fast!
 - Facts & Affordability
- Compelling Materials



Effective Delivery

- Comprehensive Multi-Media Communications
 - In Home Mailings
 - Work Place Communications
 - Employee Meetings
 - Webinars
 - Posters / Flyers
 - Email Direct from Employer
 - Web



Effective Delivery

- Frequency of “Touches”
 - # of Touches in the Direct Mail Campaign (by Audience)
 - No Measurable Difference Between 3 & 4 Touches, But Better Than 2
 - Higher Propensity to Buy May Impact Messaging
 - Lower / Higher Ages = Announcement Postcard & Reminder
 - Target Ages = Additional Education Materials

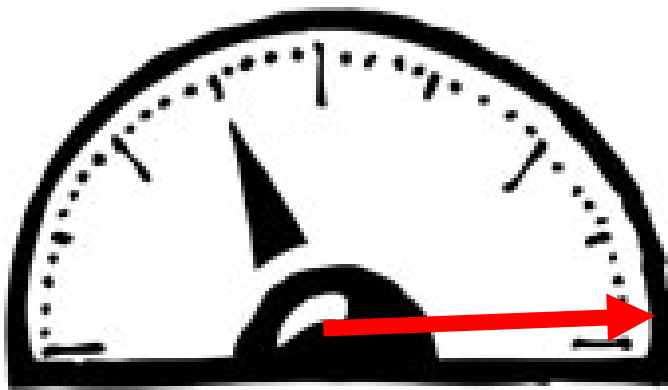


Employer Support & Endorsement

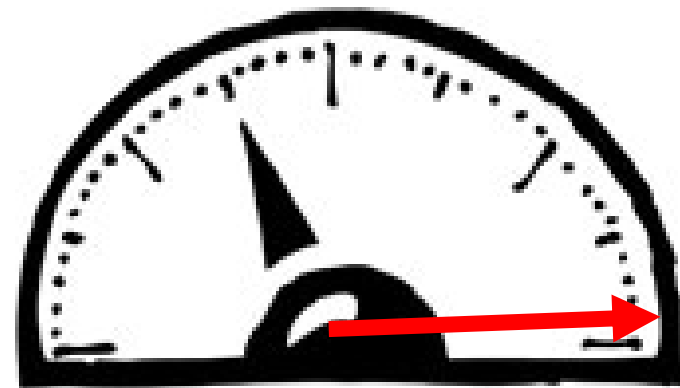
- Use of Name & Logo for Direct Mail Campaign
- Need Support, But Don't Have to Endorse
- Encourage Education
 - Employees
 - Human Resources Representatives
- How Are You Going to Communicate?
 - By Audience
 - In the "Field"
 - Shift Work
 - Remote Locations



Campaign



AWARENESS / EDUCATION



PARTICIPATION / ENROLLMENT



How We Measure Participation

$$\frac{\text{Total Number of Insureds}}{\text{Total Number of Employees}} = \% \text{ Participation Total}$$

But is this right?????

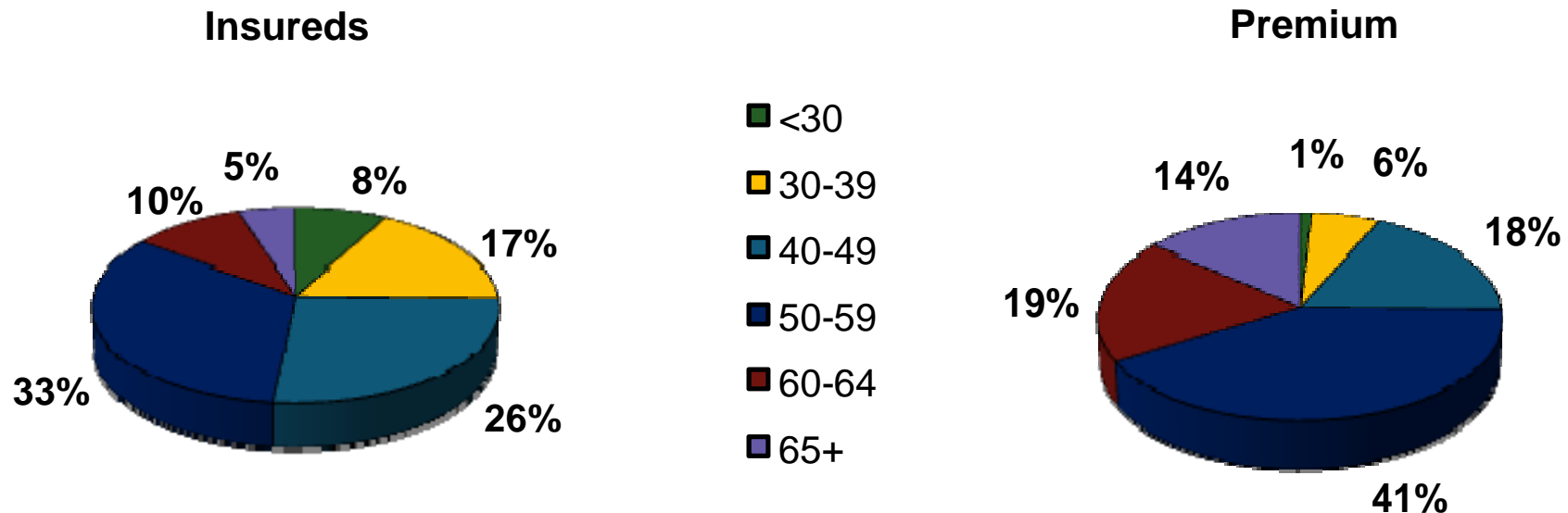
If what we want are married, white collar, 45-60 year olds.....shouldn't that be our measure of success?



LTCI Buyer Demographics: Age

The average buyer of group LTCI in 2009 was age 48.

2009 Group LTCI Sales by Age



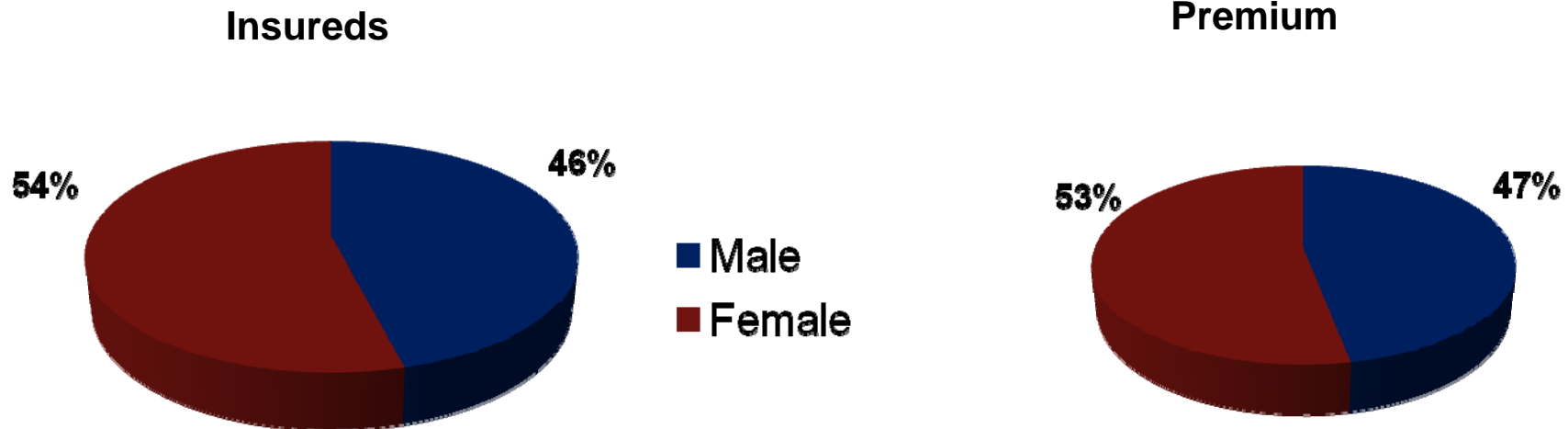
Source: LIMRA 2009



LTCI Buyer Demographics: Gender

- ▶ In 2009, women made up the greater proportion of group LTCI buyers.
- ▶ Carrier variances ranged from one carrier with a 50:50 ratio of female to male buyers to another carrier with a 74:26 ratio.
- ▶ In 2009, the average premium for female buyers was \$702 and the average premium for male buyers was \$716.

2009 Group LTCI Sales by Gender



Source: LIMRA 2009



Group A

Age Bracket	# Insureds	# Employees	% Participation
<40	63	2796	2.3%
40-44	90	1717	5.2%
45-49	160	2043	7.8%
50-54	281	2418	11.6%
55-59	269	2116	12.7%
60-65	144	1460	9.8%
>65	8	269	2.2%

Target Ages
45-60 =
11%



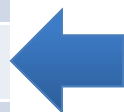
Overall Participation = 7%



Group B

Age Bracket	# Insureds	# Employees	% Participation
<40	13	729	1.8%
40-44	11	154	7.1%
45-49	16	145	11.0%
50-54	37	156	23.8%
55-59	10	99	10.1%
60-65	13	61	21.3%
>65	3	39	7.7%

Target Ages
45-60 =
16%

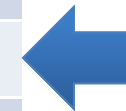


Overall Participation = 7%



Group C

Age Bracket	# Insureds	# Employees	% Participation
<40	89	21373	0.4%
40-44	58	5839	1.0%
45-49	127	5707	2.2%
50-54	149	5234	2.9%
55-59	135	4115	3.3%
60-65	104	2784	3.7%
>65	9	1074	0.8%



Target Ages
45-60 =
3%



Overall Participation = 1%



What Do You Think?

Questions?? Comments?? Discussion??