



# Critical Findings in Long Term Care Insurance Buyer and Non-Buyer Behavior

Tuesday March 8, 2011 at 2:00 pm

THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE

# ILTCI



# Session Participants

- Marc Cohen, Ph.D., Chief Research and Development Officer, LifePlans, Inc.
- John O'Leary, President, LTC Marketing
- Eileen J. Tell, Senior Vice President, Univita - Moderator



# Buyer- non buyer behavior

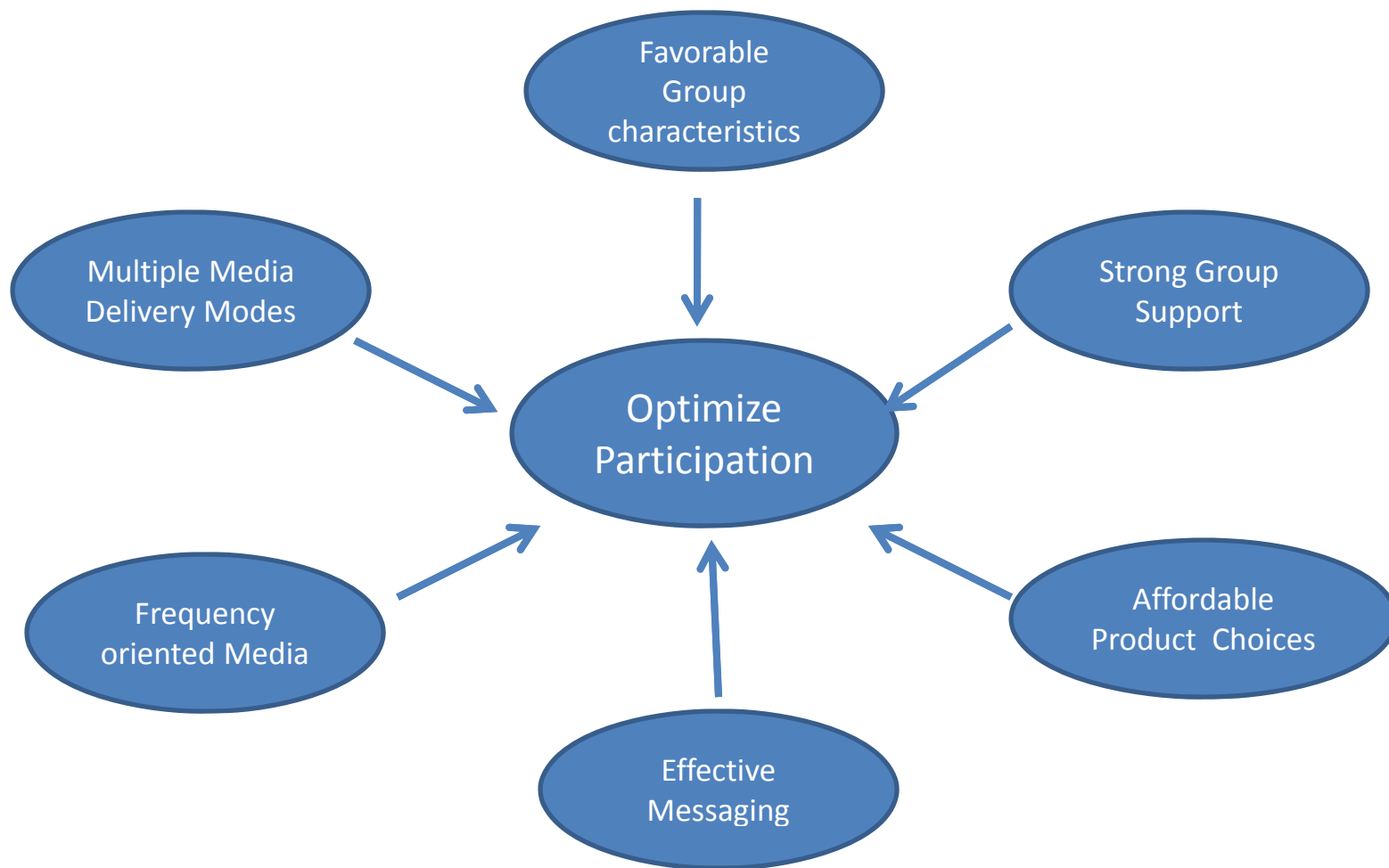
## My Agenda

1. Overall Marketing Context-Group Focus
2. Age and Income
3. Consumer Decision making
4. Importance of price in product offering
5. Buyer non-buyer attitudes
6. Implications for marketing
7. Conclusions: Ideal Group Campaign



# Buyer- non buyer behavior

Context : A Model for optimizing group enrollments





# Buyer- non buyer behavior

## A Model for Consumer Decision Making

Awareness

Offer announcement via multiple channels including articles, publicity, e-mails

Education

Need, rate and product information via multiple channels including WEB

Interest

Detailed product answers via meetings, webcasts, enrollment materials, FAQs , WEB

Decision

Reminder and follow-ups highlighting enrollment deadline



# Buyer- non buyer behavior

## Challenges of the group environment for LTCI

### Individual Market

- Leads often pre-qualified
- Totally personal approach
  - Individual plan premiums
  - Reduces complexity
  - Focus on specific barriers to sale
- Agent handles application details
- Agent re-assures decision

### Group Market

- Everyone in group eligible
  - Find and target key demos
  - Campaign drives awareness and interest
- Generic w/ personalization
  - by geography, age, segment
- Self service application process
- Assurance from group endorsement



# Buyer- non buyer behavior

## General Population Knowledge

### Awareness and interest in LTC....

	<u>2010</u>	<u>2005</u>	<u>1995</u>
Awareness	80%	66%	38%
Approached to buy	42%	43%	28%
Considered (interest)	38%	38%	21%

Group Perspective: Approximately 1/3 aware of LTC offering;  
Approximately 40% very interested in learning more



# Buyer- non buyer behavior

## Age and Income....

<u>Average age</u>	<u>2010</u>	<u>2005</u>
Buyer s	59	61
Non Buyers	64	64
Group	48	NA
<u>Income</u> (% over 50K)		
Buyers	74%	71%
Non- Buyers	47%	54%
Desirable Group	+50%	

Employer groups tend to be younger and less affluent compared to buyers and non-buyers in the study





# Buyer- non buyer behavior

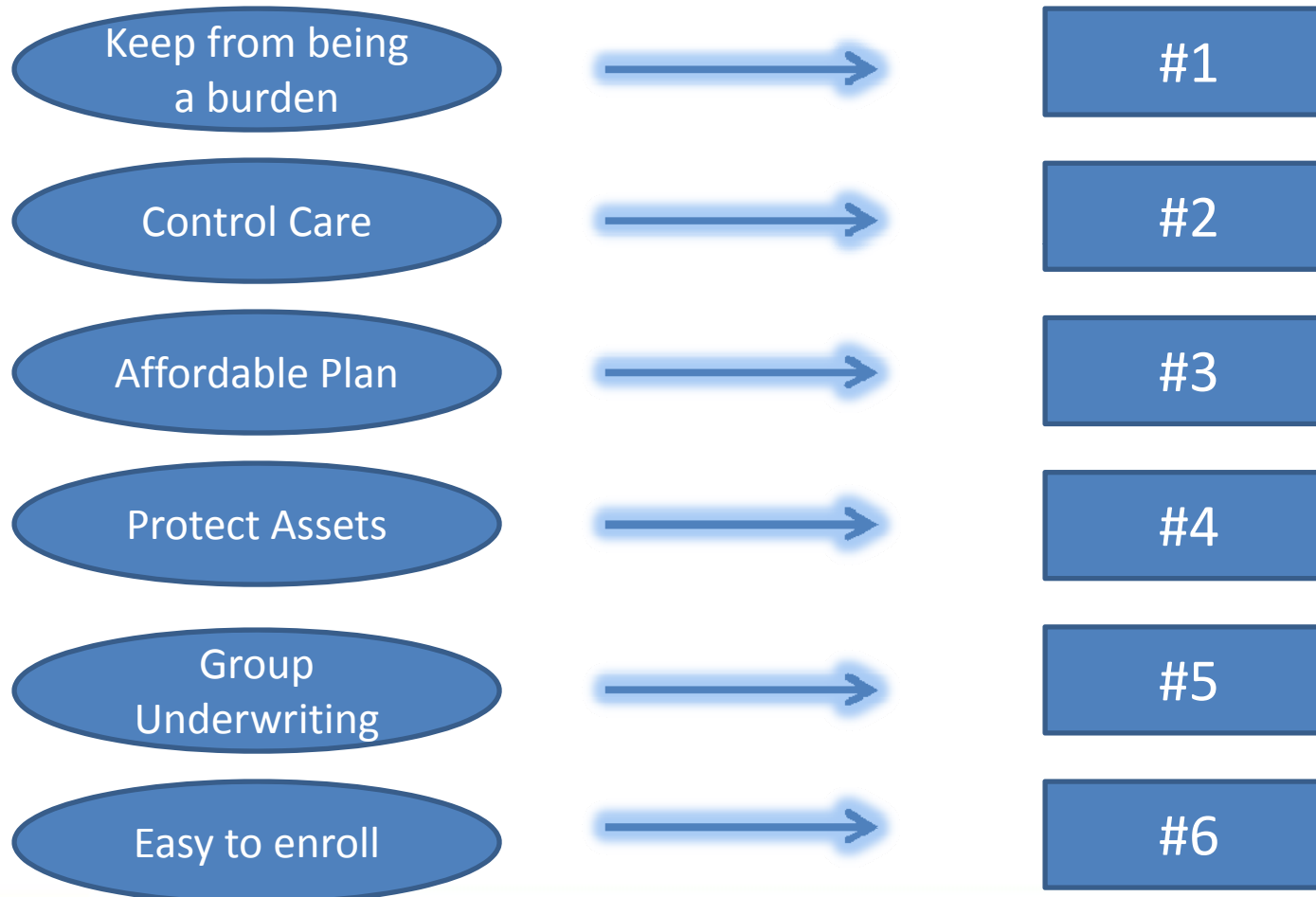
## Consumer decision making ...Reasons for buying

		2010	2005
Protect Assets	→	74%	~ 76%
Avoid dependence	→	70 %	~72%
Afford Care	→	71%	~68%
Control care	→	60%	~59%
Protect Spouse assets	→	56%	~57%
Govt. will not pay	→	54%	~55%



# Buyer- non buyer behavior

Group: Top 6 reasons why buy....





# Buyer- non buyer behavior

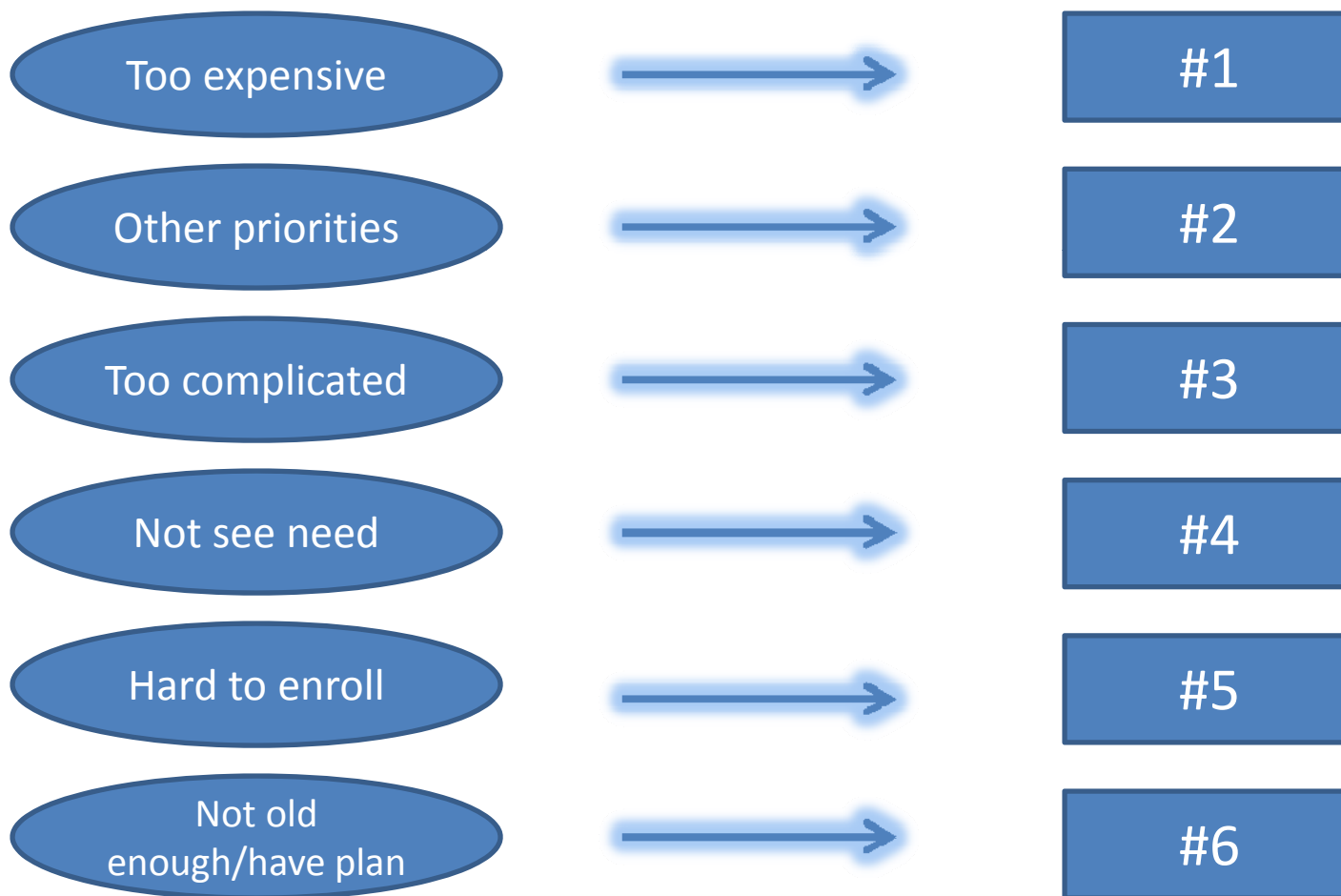
Consumer decision making ...Top reasons for not buying

		2010	2005
Cost	→	57%	~ 53%
Insurers will raise rates	→	26 %	~24%
Not cover needs	→	30%	~23%
Too many conditions	→	26%	~22%
Spouse couldn't get	→	17%	~ 22%
Waiting for better plan	→	18%	~19%



# Buyer- non buyer behavior

Top 6 Group reasons, interested, but not buy....





# Buyer- non buyer behavior

## Implications for product offering

- Price still number one reason for not purchasing
  - Buyer non-buyer average premium= \$ 2,268
  - Individual buyer average premium~\$2,200
  - Group buyer average premium~\$700-800 ; still encounter price resistance
- Affordability more important in the group environment; consider adding lower priced options
  - Demographics
  - Self service model
  - Less personal selling and support in group environment



# Buyer- non buyer behavior

Attitudes about long term care (2005)	Strongly Agree	
	Buyers	Non-buyers
Important to plan for possible need	62%	30%
Risk of needing NH care	64%	53%
Risk of needing Homecare	71%	59%
Under estimate LTC costs	14%	70%
LTC costs paid on one's own	56%	45%

## Marketing implications

- Buyers better educated on risks, cost of care and need to plan
- Educational opportunity exists for non-buyers



# Buyer- non buyer behavior

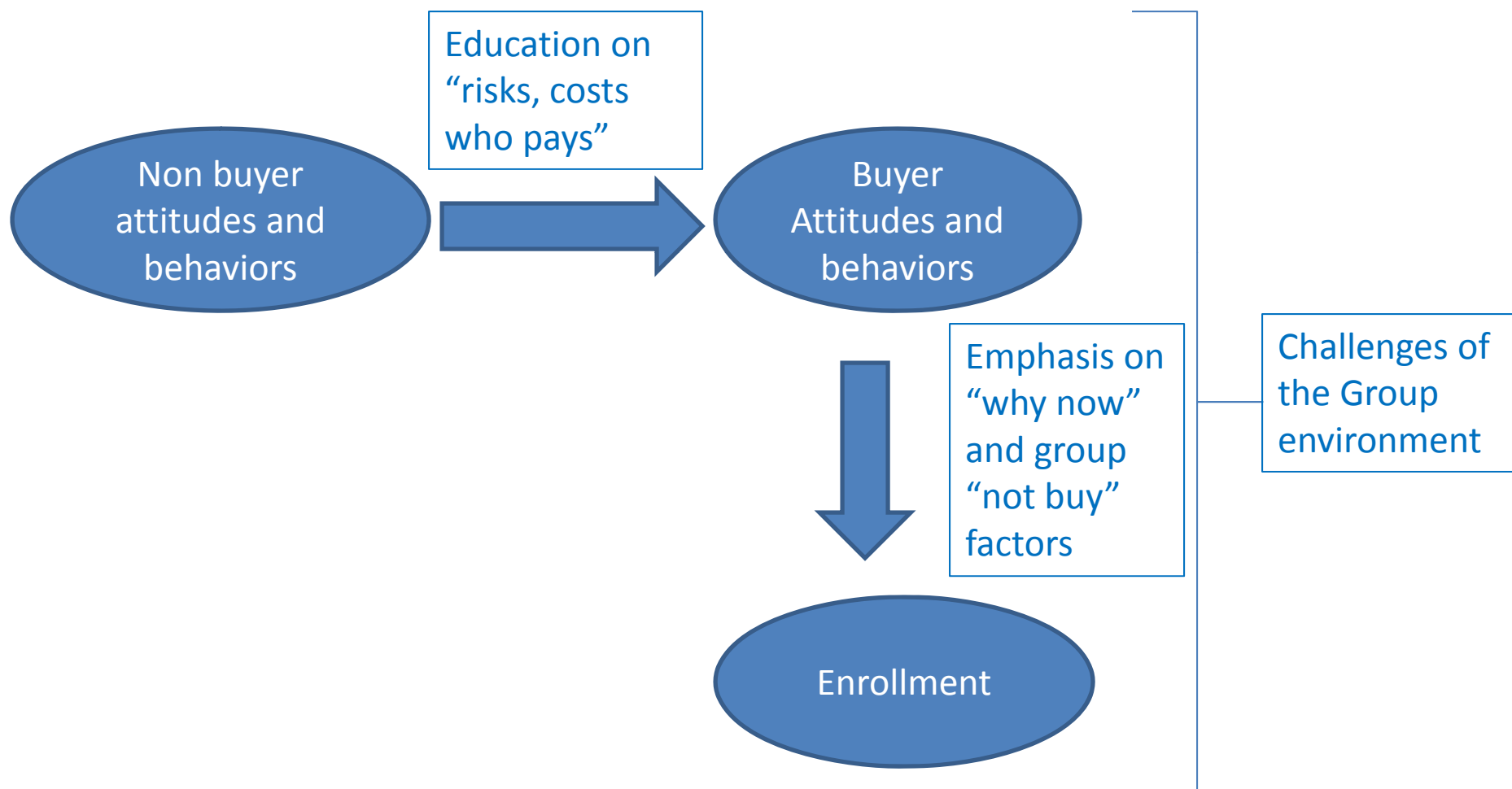
## Buyer decision factors...why buy now?

	2010	2005
Company reputation	63%	63%
Agent recommendation	59%	62%
Cost of insurance would increase	54%	70%
Thought it was a good idea now	15%	31%
Can afford now	8%	28%
Comfortable with product	7%	21%
Agent help	N.A.	22%
Financial Planner help	N.A.	21%



# Buyer- non buyer behavior

## Oversimplified Group Marketing Model







# Buyer- non buyer behavior

## “Risk, cost, who pays” approaches

- Segment audience
  - i.e. Planners who want all the details
  - i.e. Worriers who just want the facts
- Personalize “risk, cost, who pays” messaging to segments around themes that work
  - Help protect retirement savings
  - Help protect family and friends from burdens of providing care
  - Help maintain control and choice of care
  - Protect from having to leave home for care
- Multiple touch /multiple media during campaign
- Affordability early and often



# Buyer- non buyer behavior

## “Why now” approaches

- Employer support and endorsement
  - Access to their benefits communications vehicles i.e. e-mail
  - Pre-vetting process provides quality and fit assurance
- Emphasize enrollment deadline-
  - Streamlined underwriting during open enrollment
  - Hockey stick due to procrastination
- “E” tolls including insure versus invest and cost of waiting
- Call to action
- Enrollment /application support
  - Toll free number
  - Web



# Buyer- non buyer behavior

The ideal campaign to optimize group participation

- Good demographics –high % over age 40; over \$60K income
- Strong group support
- Low cost option in plan design
- Appropriate messaging
- Personalization in marketing campaign
- Multiple touches
- Multiple media-including electronic
- Segmentation
- Marketing effectiveness evaluation