



The ABCs of LTCI

An Overview & Proven Selling Techniques

THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE





Agenda

- **Definition and purpose of LTCI**
- **Cost for Consumer**
- **Product Overview**
- **Who are the prospects – where to find them**
- **Case Studies**
- **Power Phrases**
- **Action Plan**



The Problem

Definition of LTC - Traditional

Long term care is assistance given for personal care over an extended period of time. This includes informal and formal care giving. This type of care is usually received in the home, assisted living facility, skilled nursing facility and adult day centers.



More Relevant Definition Of What Is LTC?

To better understand long term care, think of the activities you performed when you woke up this morning.

- **Climbed out of bed**
- **Walked to the bathroom**
- **Used the toilet**
- **Used the bath or shower**
- **Got dressed**
- **Ate breakfast**



The Care Continuum

Lowest Level of Care

Highest

Level of Care

Homemaker
services

Home care

Board and care
home

Nursing home

Home

Hospice

Community-based
services

Adult day center

Home health care

Assisted living community



The Costs – Nationally

- **Home Health Aide Services – Non Medicare Certified Licensed – Hourly Rate - \$19**
- **Adult Day Health Care - \$60 a day**
- **Assisted Living Facility – Private One Bedroom – Monthly Rate \$3185**
- **Nursing Home – Semi-Private Room- \$185 a day; \$67,525 annually**
- **Nursing Home – Private Room - \$206 a day; \$75,190 annually**



LTC Costs Increase Every Year

YEAR	<i>LTC COSTS</i>	LTC POLICY
Year 1	<i>\$206</i> <i>(NH private room)</i>	\$200
Year 10	<i>\$319</i>	\$309
Year 20	<i>\$520</i>	\$503
Year 25	<i>\$664</i>	\$641
Year 30	<i>\$847-day</i> <i>\$309,155 -</i> <i>annually</i>	\$819



Important LTC Facts

- 1. Nearly 70% of all 65-year-olds will need some long term care before they die.**
- 2. Almost 42% of those now receiving LTC are working age adults (between 18 and 64).**
- 3. Nearly 79% of people who need LTC live at home or in community settings rather than in institutions.**
- 4. 74% of consumers age 55 to 65 said they are concerned about needing some kind of LTC.**
- 5. 77% of Americans ages 30 to 65 think they should know more about LTCi than they currently do.**



Facts – Claims & Caregiving

- 1. The top 10 LTC insurers paid about \$11 million in daily benefits in 2010. That's nearly \$4 billion for the year. It's 53% more than paid by same carriers in 2007.**
- 2. Paid benefits to about 135,000 people in a typical month.**
- 3. In 2010, 31% of new individual claims were for home, 30.5% for assisted living and 38.5% for skilled nursing home care.**
- 4. Caregivers are 3 times more likely to get sick – and risk does not go down when the person they are taking care of dies.**



What Policy Looks Like

- **Pool of money**
- **Total benefit is not in years, but amount of \$\$\$\$**
- **Maximum Daily Benefit – ex. \$200/day**
- **Daily Benefit grows each year based on the inflation protection factor he selects, ex. 5% compound**
- **If person qualifies, dollars are paid up to the maximum daily benefit for care**
- **To qualify for benefits, must need help with 2 of 6 ADL's or have cognitive impairment**



Examples – Pool of Funds

3 year policy, \$200 a day

- \$200 a day x 365 days x 3
- = \$219,000 in the pool of funds

5 year policy, \$200 a day

- \$200 a day x 365 x 5
- = \$365,000 in the pool of funds



Benefit To Highlight

Care Coordination

- Can you carry your husband? How would you transport your spouse to or from the bath, the toilet, across the house, etc.?
- How would you feel about your own health if your spouse got Alzheimer's and got up frequently at night, causing you to get very little sleep?



1 Features – Affect Premium

- **Daily Benefit - 75% to 100% of prevailing nursing home rate**
- **Benefit Period – 3 years to lifetime[©]**
- **Deductible / Elimination Period - in line with the ability to pay out-of-pocket costs**
- **Inflation Protection - to keep pace with increasing costs**
- **Age & Health**



Q. When Is The Best Time To Get This Coverage?

A. NOW – While Younger & In Good Health

NOW

- Lower Premium
- Pay less \$ over life of policy
- Insurable
- Preferred rates
- Assets protected
- Choice of quality care

WAITING

- Higher Premium
- Pay more \$ over life of policy
- Not Insurable
- Rated up
- Assets exposed
- Limited choices



Underwriting

Goal – To Reduce Declines Mortality Versus Morbidity

- Mortality
 - Life insurance term
 - Probability of death
- Morbidity
 - LTC term
 - Probability of health event occurring
 - Frequency and severity of sicknesses and accidents



Pre-Qualifying Medically

7 Questions to Ask

- Age
- Hospitalizations in the last 10 years
- Medication currently taken
- Other conditions treated in the last 10 years
- Height/Weight
- Smoked within the last 2 years
- What else do I need to know about your health?



Premium Example

**Benefit Design: \$200, \$219,000 [3 year benefit period],
90 day EP, with & without inflation protection ,
Married Rates, Standard Rates, Annual Premiums**

	Without Benefit Increase Option (BIO)	With 5% Simple BIO	Annual Premium With 5% Compound BIO
Age 45	\$ 510.98	\$ 925.75	\$1,553.26
Age 50	\$ 627.80	\$1,118.94	\$1,796.63
Age 55	\$ 798.41	\$1,406.99	\$2,126.50
Age 60	\$ 989.82	\$1,695.44	\$2,381.50
Age 65	\$1,394.06	\$2,291.33	\$2,926.18
Age 70	\$2,181.76	\$3,348.05	\$3,931.69

*Rates shown are average generic rates and vary by state



Partnership Plans

State LTC partnership programs offer an incentive to buy LTCI.

- You buy a partnership-qualified LTCI policy (must meet certain requirements).**
- If you need LTC, the LTCI policy pays most costs.**
- If you need LTC for a long time, and your LTCI benefits run out, you can apply for Medicaid and keep some of your assets (instead of having to spend them all).**



Partnership Plans

Partnership programs are a win-win.

- The individual has LTCI to cover most LTC costs.**
- If the individual has to go on Medicaid, she gets to keep some of her assets.**
- The state pays less in Medicaid benefits if more people have LTCI.**



Quiz – Who Are Your Prospects?

1. Ages - A. Under 40 B. Above 40
2. Sex – A. Male B. Female
3. Marital Status – A. Spouse B. Single
4. Average income - A. Less than \$40,000 B. Above \$40,000
5. Job - A. White-collar B. Blue-collar
6. Education - A. Highly educated B. Not highly educated



Case Study No. 1

- Ted and Alice, married couple
- Both are age 49
- They both work, own their house, children are finally self supporting.
- Have about \$300,000 in assets
- Ted plans to retire at age 62 and will receive a nice pension.
- Does buying LTC insurance make sense for them?



Case Studies No. 2 & 3

- Mark and Betty in their early 60's.
- In good health, but have financial problems.
- No job, in rental apartment.
- Should they buy LTC insurance?

- Betsy is widow.
- She raised 6 children, who are all doing well.
- Lives with her daughter because her only income is from social security.
- Should Betsy buy LTCI insurance?



Case Study No. 4

- **Lynn and Edward are in their late 50's and have sufficient assets to protect. Lynn had breast cancer but has fully recovered.**
- **Will she qualify for this coverage?**
- **Edward has been diagnosed with Alzheimer's. Can he get coverage?**
- **Edward has history of Alzheimer's in his family. Will that impact him getting a policy and will it impact his benefits?**



Phrase 1 - My Goal

Brokerage approach -

My goal is to provide you with the most appropriate combination of benefits from a top rated company at a reasonable cost.



Phrase 1 - My Goal

Career Agent Approach -

My goal is to provide you with the most appropriate combination of benefits at a reasonable cost from a company with a long history of protecting and serving the needs of the client.



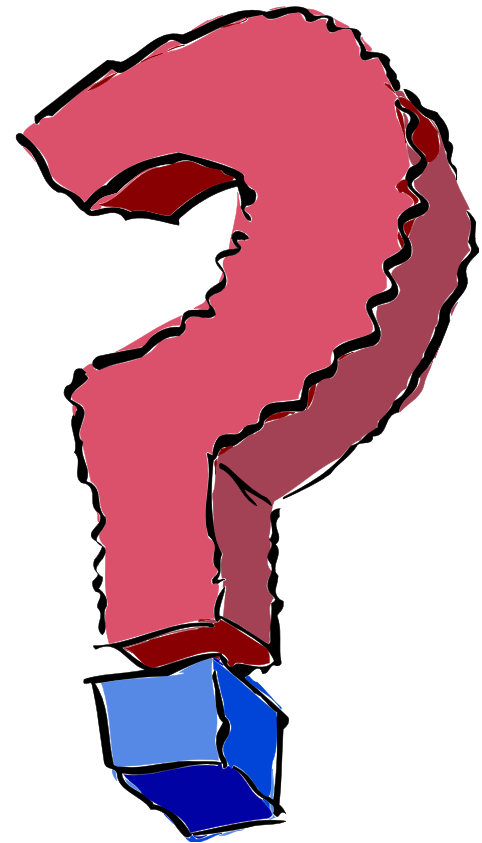
Phrase 2 - NH Avoidance Policy

“I actually consider this a Nursing Home Avoidance Policy. This policy provides the dollars to keep you out of the nursing home. Because the purpose of this policy is to provide the dollars so that you can age and receive care where you want to from the person you choose. So that means the dollars are there to pay for care in the least restrictive setting possible with the greatest number of choices.”



The Best Phrase Of All

That's a really good question. Let me get back to you with the answer."





Your Action Plan

Action 1 - Start with your own book of business – let them know you provide LTCI

Action 2 - Make lists of those who meet age and financial qualifications

Action 3 – Referrals

Action 4 - Review product information & get required state training

Action 5 – Get more education and training

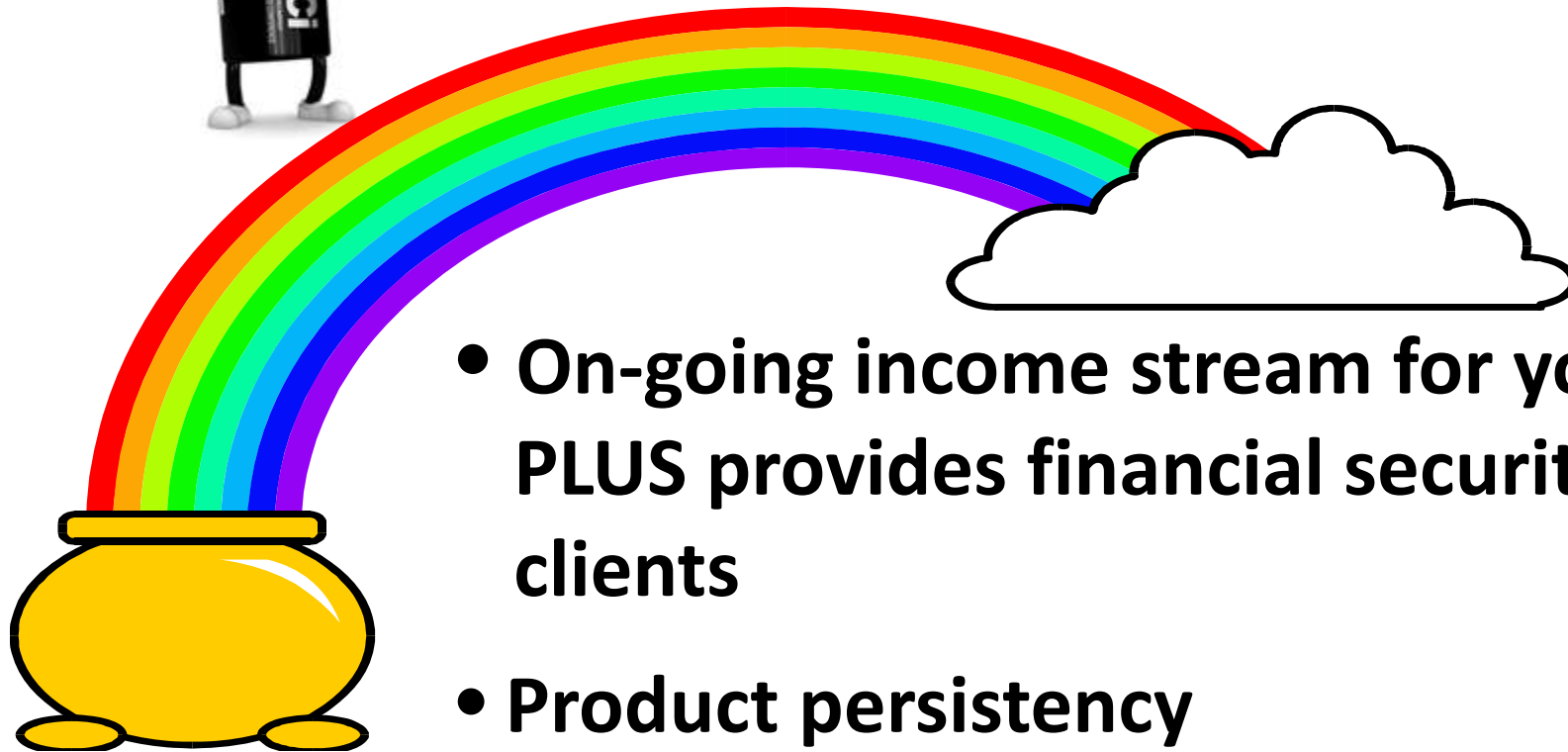


Where To Find Important LTC Information

- **Complimentary on-line training for 1 month**
- **Free subscription to Senior Market Advisor**
- **Resource List – From LTCP Course**



Conclusion



- On-going income stream for you PLUS provides financial security for clients
- Product persistency
- You can do well by doing good

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