A New Approach to Selling Long Term Care Insurance
LTCI Environment

• The Future Is Planning, Not Selling Product

• Genworth Financial LTCI Division is Thinking Outside the Box

• The Industry

   We Understand Why Many of You Don’t Sell LTCI…
If the Only Option is to Sell LTCI As a Stand Alone Product and Then Only Through Establishing Need by Scaring People? Professionals may Pass!
Have You Heard This Conversation…

• “My father died at 60”
  – “But you **could** live a long life”
• "I won’t”
  – “But look at the statistics”
• “Ok, I might, but I won’t go to a nursing home”
  – “But you have a 43% chance past age 65”
• “I’ll be one of the 57% who doesn’t go”
  – “But what if you did, it could bankrupt you”
• “I’ll put a gun in my mouth, or I’ll Kevorkian myself”
  – “What?”
• “Ok, if I do go, my lawyer told me I’m entitled to Medicaid”
  – “But Medicaid is welfare”
• “That’s not what she said”
  – “You won’t have choice!”
• “Yes I will”
It’s Done by Scaring People Into Submission…

• “You might live a long life – just look at the statistics”

• “Did you know that the chances of ending up in a nursing home are almost 43%?”

• “You won’t get into a good nursing home unless you have plenty of money”

• “Do you really want your kids to change your diapers?”
I Want to Show You How Selling LTCI Is No Different From Selling Life Insurance...
It’s Called “Bridging”…

• You Know How to Sell Life Products: You Sell Plans…
  – Retirement planning
  – Business succession planning
  – Key person planning
  – Estate planning
New Thinking…

To Be Successful You Need to Learn How to Sell a Plan, Not Insurance

• It’s Easier to Sell a New Product When It Reminds You of a Familiar One!

• Selling LTCI Is No Different Than Selling Life or Disability Insurance
The 3-Step Process

1. Establish the Need
   LTC: It Must Be Established Beyond a Reasonable Doubt That the Client Believes they May Live a Long Life, and If He Does May Need Care

2. Impact on Family and Finances
   LTC: It Must Be Established Beyond Reasonable Doubt That the Client Understands the Impact Providing Care May Have on His Family and Best Thought Out Retirement Plan. This Allows for the Drafting of a Plan.

3. Lack of Financing Options
   It Must Be Established Beyond a Reasonable Doubt That Nothing May Adequately Pay for That Plan Except Long Term Care Insurance.
Step One

It Must Be Established Beyond a Reasonable Doubt That the Client May Live a Long Life and When He Does…

He Quite Possibly Will Need Care!
Step One

- You Live
- You Don’t Die…
  - When You Live, You Get Old
    - When You Get Old, You May Get Sick
      - When You Get Sick, You May Need Care!
Step Two

It Must Be Established Beyond a Reasonable Doubt That the Client Understands the Impact Providing Care could Have on His Family and the Best Thought Out Retirement Plan.

This Allows for the Drafting of a Plan!
Old Thinking…

- “You don’t want to be a burden”
- “You want the choice of where your care will be given”
- “You want to get into a good nursing home. You won’t be able to if you’re on Medicaid”
- “You want to pass money to your children. You won’t be able to if you go to a nursing home”
Step Two

• Long Term Care Has Little to Do With Your Client…

• It’s a Family Issue
  – It’s Not “Who” Will Take Care of Your Client – But What Providing That Care Could Do to your Family and Finances
  – Families Typically Provide the Majority of Care
  – Caregiver Stress May Result in Severe Tension
  – Long Term Care Rarely Brings Families Together

It May Tear Them Apart!
Step Two

• LTCI Never Replaces What Families Do.

• Rather It Builds on an Existing Infrastructure of Support,

• Thus Allowing the Caregivers to Provide the Care

Better and Longer!
Step Two

• Child Objection: “I’ll Take Care of My Mother.”

• Your Response: “I Know You Will. I Need to Talk to You About a Way to help you provide care Better and for Longer.”
Step Two

• Children Don’t Want to Take Care of Their Parents -- But They Will

• How Can LTCI Help Them?

  ▪ Allows Them to Provide the Care Better and Longer
  ▪ Turns Them Into Proponents of LTCI
  ▪ Helps Preserve Sibling Relationships
Step Three

It Must Be Established Beyond a Reasonable Doubt That Almost Nothing Will Pay for Care Except Assets and Income Otherwise Allocated for Retirement
Step Three

You Rarely Discuss How the Client Will Pay for the Care

As a Result, the Client Is Forced to Rely on a Federal or State Insurance Program or Pay Out of Pocket

**Funding Options**

- Medicare
- Medicaid
- The Veterans Administration
- Self-funding
- Long Term Care Insurance
Step Three

• The Portfolio Has Been Structured to Provide Assets and Income for Retirement…

• You Have Made It Clear That Principal Must Be Preserved Because of the Possibility of Something Happening in the Future.”

• And During Working Years It Has Been Protected by Insurance
Step Three

- Asset & Income Portfolio
  - Car
  - Home
  - Family & Kids
  - Wealth (Estate Issues)
  - Salary
  - Retirement Portfolio

- Asset & Income Protection Portfolio
  - Auto Insurance
  - Homeowners
  - Life & Health Insurance
  - More Life Insurance
  - DI Insurance
  - LTC Insurance!
Step Three – Funding Options?

• Self Funding the Cost of Long Term Care

“I Have $1,000,000. I Don’t Need Long Term Care Insurance.”

REALLY?
Step Three – The Potential Impact ….

In 5 years, a lifetime of savings could be depleted!

FOR ILLUSTRATIVE PURPOSES ONLY. Assumptions: $500,000 principal earning 5% net of expenses, LTC costs of $57,700/year, 5% inflation, spouse requires $42,850 annual withdrawal w/a 5% inflation increase each year. All earnings and withdrawals occur at the beginning of each year. Does not take into account any additional income the spouse may be earning.
Step Three – Importance of Funding for LTC

Perhaps the Greatest Threat to the Best Thought-out and Executed Retirement Plan Is Not Dying!

You Need to Assure Them That Living a Long Life is a Possibility and They Need to Plan for the Possibility!
Opportunities and Sales Ideas!
Step Three – If Your Client Is Wealthy

Why Your Wealthy Clients Didn’t Purchase LTCI…

They:
• **Didn’t Understand the Risk of Needing Long Term Care**
• Understood the Risk but Didn’t Connect the Event Happening to Them
• Must Absolutely Connect the Two. If Not… Clients Will Always Self-insure an Event They Fundamentally Don’t Believe Will Happen to Them

Why Your Wealthy Clients Bought LTCI…

They:
• Understood the Risk, Probably From Prior Experience
• Connected That Risk Directly to Themselves
• Will Always Spend **Pennies to Protect Dollars** When the Above Belief Is Firmly Established
Do You Have Clients in a 2nd Marriages

Ask Clients in a Second Marriage…

• “How Are You Holding Assets?”
  – Many hold their assets separately
• “What’s Your Plan for Distributing Them at Death?”
  – “To Our Children From a Previous Marriage”
• “Have You Thought About Providing Care for Each Other When You Become Ill?”
  – “We’ll Take Care of Each Other”

Then Ask the Money Question?
- With who’s Money?
Approaching The Singles Market

Void Waiting To Be Filled Within LTCI Marketplace\(^2\)

– Divorced, Single, and Widowed People
  • No Significant Other to Rely Upon
  • More Than Half of the Population Within the 40-65+ Age Group
  • Many Have Never Been Contacted; Haven’t Thought About the Risk
  • Many Erroneously Believe the Government Will Provide

\(^2\) John Wane and Lenny Anderson, Veteran LTC Insurance Marketers, Sept. 2004
Exploration
Similarities to Disability Insurance

Long term care insurance (LTCI) bears some resemblance to disability insurance (DI):

Typically,

<table>
<thead>
<tr>
<th>DI</th>
<th>LTCI</th>
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<tbody>
<tr>
<td>• Inability to perform duties of “own” occupation</td>
<td>• Inability to perform activities of daily living</td>
</tr>
<tr>
<td>• Elimination period</td>
<td>• Elimination period</td>
</tr>
<tr>
<td>• Benefit period</td>
<td>• Benefit period or amount</td>
</tr>
<tr>
<td>• Protect lifestyle</td>
<td>• Protect lifestyle</td>
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but there are significant differences as well...

| • Protect monthly income               | • Protect against costs of LTC |

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