



Secrets of Selling LTC Successfully

How to Prepare, Present, and Close in One Call

Web Conference
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Agenda



- Your Personal Beliefs
- Preparing for the Meeting
- The Interview
- Keeping it Simple
- Overcoming Objections
- What Makes a Good Salesperson

Your Personal Beliefs

“The thing always happens that you really believe in;
and the belief in a thing makes it happen.”

- Frank Lloyd Wright

Understanding the Problem

&

Knowing You Have the Solution to the
Largest Health Care Crisis Facing Us
Today and in the Future

Living a long life is a near certainty.

Planning for it is a necessity.

A July 14, 2003 article in USA Today,
"Insurers Adjusting to Aging US Population," reported:

- Life insurance rates for 70 yr+ Americans have dropped between 5% and 20% in the past few years
- By 2035 this group will almost double to 57 million
- The fastest growing segment of the US population is 85 years old and over
- Insurers count family history far less if people reach 70 because illnesses that killed their parents are far less likely to kill the insured

Advances in medicine are now taken for granted

- Every day brings new treatments for illnesses once considered deadly
- A June 6, 2003 story in the Boston Globe confirmed what many believe: Cancer will be cured in their lifetime. “Advances Begin to Tame Cancer” reported:
 - Rapid advances in diagnosing and treating cancer have dramatically increased life expectancy
 - This is particularly true with deadlier forms such as pancreatic and brain cancer
 - By the year 2015, cancer will be classified as a chronic illness managed with medication

An increased life expectancy creates a need for more services as the aging process takes its toll in the form of chronic debilitating diseases such as:

- Dementia
- Parkinson's Disease
- Crippling Arthritis
- Congestive Heart Failure
- Chronic Obstructive Pulmonary Disease

In other words,

When you don't die...

- You live
- When you live, you get old
- When you get old, you need care
- The question is not who will take care of you, it's what providing that care will do to your family and retirement portfolio

Source: Robert J. Samuelson, "AARP's America Is a Mirage,"
Washington Post, November 16, 2005,



" . . . Social Security, Medicare and Medicaid constitute more than 40 percent of federal spending. Given the baby boom, longer life expectancies and rising health care costs, these programs are projected (by the Congressional Budget Office and others) to grow by about two-thirds or more during the next 25 years. To cover these costs, we'd have to do one of the following: Raise all federal taxes by 30 to 50 percent; eliminate defense spending and 30 percent of other federal spending, excluding interest payments; run budget deficits three times present levels."

Source: Richard Wolf, "A 'Fiscal Hurricane' on the Horizon,"
USA Today, November 15, 2005



"We face a demographic tsunami' that 'will never recede,' David Walker, the nation's top auditor of the GAO (Government Accountability Office) tells a group of reporters. He runs through a long list of fiscal challenges, led by the imminent retirement of the baby boomers, whose promised Medicare and Social Security benefits will swamp the federal budget in coming decades. . . .

In spite of all these ominous signs and warnings, the bulging baby boomer generation remains mostly oblivious to the risk even as they approach the cusp of old age.



"Baby boomers are in real trouble financially, and most don't even realize it. With the lowest savings rate in history, lax investment habits and no guaranteed pensions, 80% of boomers lack sufficient assets to maintain their current standards of living with financial security late in life."

Jack Waymire, founder of Paladin Registry, LLC
a leading information services company
in the financial management industry

Some are mistakenly putting their false hopes in government programs that are already breaking down long before the biggest demographic pressures build



"A poll released today says seven in ten baby boomers and senior citizens believe the government should do more to help people meet the cost of long-term care. Along with the poll, a panel of experts from the National Academy of Social Insurance (NASI) issued a call for fundamental reforms in financing long-term care, including a substantial commitment of federal resources."

(Did they say "federal resources?")

Source: "Most Boomers, Senior Citizens Think Government Should Help with LTC: Poll Shows Baby Boomers, Seniors Concerned About Paying for Care, November 14, 2005, Senior Journal

January 17, 2005

AMA Endorses Private Planning For LTC Services

The American Medical Association, the nation's largest physician's group, recently took up the subject of long-term care at its semi-annual policy-making session in December. Acknowledging that the demand for LTC services is likely to overwhelm Medicare and Medicaid, the Association voted to "strongly encourage" the American public to become better informed about the importance of saving and investing for their long-term care needs.

For any given individual, his/her probability of needing long term care over his/her lifetime is either:

- 0%

or

- 100%

Source: Milliman Consultants and Actuaries, Chicago

- Lifetime risk of using LTC services is 24% for males or 42% for females for healthy 65 year old, using population mortality.
- In order to be 95% certain that a person's LTC costs are covered, a 65 year old needs to have saved:
 - Males \$373,000
 - Females \$404,000

Source: Eric Stallard, 2002. Based on NLTCS's. Presented by Milliman Consultants and Actuaries at National LTCi Producers Summit, Kansas City, Oct, 2005

If everyone's talking about LTC insurance and the need for it is so evident, why aren't people lined up to buy?



What people say:

"It's too expensive."

"I don't think I'll need it."

"I don't want to think about it now."

What it really means:

DENIAL (and misplaced priorities)

DENIAL (and national obsession with youth and beauty)

DENIAL (and People are fighting old age, not planning for it)

So what does all this mean to us?

- It means our clients want to think about feeling young and healthy, not about getting old and feeble.
- Long Term Care insurance reminds them of their mortality.
- Knowing what makes your clients tick will put you much closer to making the sale.
- Shifting strategy of the sale.

Strategy Shift: Use LTCi to Preserve Clients' Lifestyles



- Position long term care insurance as the way to protect your clients' lifestyles.
- As people live longer and healthier, it is crucial to ensure that they have enough money to maintain their lifestyles as well as to prepare for any eventuality.
- It also protects their financial assets and their children's inheritance. When you think about it, it's just as important for your clients to have LTCi as it is for them have a will.
- Just as they would manage their stock portfolio, 401(k) and IRAs, a good LTC policy should be an integral part of their financial plan.
- Age gracefully with dignity and choice.

Strategy Shift: It's the same as selling life insurance

LIFE INSURANCE

- Insurance and Financial Professionals talk about the consequences an early death will have on a client's family
- The client is not the problem when he dies during working years
- A plan to protect the family from the risk of an early death is put together
- That plan must be protected with life insurance

LONG TERM CARE INSURANCE

- You need to talk about the consequences living a long life will have on their family
- The client is not the problem when he gets sick
- A plan to protect the family from the risk of living too long after retirement needs to be put together
- That plan must be protected with long term care insurance

Last thoughts on what's in people's heads

People are afraid and confused about this long term care.

- We have no ritual for long term care. It's too new.

The cycle of Life has been:

- You come to the end of your life
- There's death
- Then there's closure
- Then we move on
- It's been that way for millenniums

This living so long is new.

People are just starting to catch on to what is happening.

Preparation

“Spectacular achievement is always preceded by unspectacular preparation.”

- Robert Schuller

From the first contact with your client,
start asking open-ended questions:



- What made you decide to look into this—why is it important to you?
- Do you have family or friends who have been through this?
- Have you been thinking about this for awhile?
- Are your friends talking about long term care?
- Do you know anyone who has long term care insurance?

Before you do anything, you must qualify your client's health.



“You don't have to be in perfect health to get long term care insurance, but you do have to be in reasonably good health.”

- Have you been in the hospital in the past 5 years?
- In the past have either of you ever had anything serious, like a stroke?
- Have you ever had any cancers or any heart diseases?
- Any diabetes? Any high blood pressure?
- What is your approx. height/weight? Do you smoke?
- Do you take any prescription medications?
- Do you have any other health issues affecting your life that I haven't asked about?

Next, prior to appointment,
qualify for Wealth



- Ways in which you do this will depend on your relationship with your client
- You want to make sure your client has assets to protect.
- Ideally, LTC insurance is not something they should have to budget for. The premiums must be comfortably affordable.

Why good health qualifying is so important to closing the sale?



- First step for you to determine if you have a viable applicant. No health, no deal.
- Always have Underwriting Hotlines programmed in your cell phone so you can call an underwriter who will assist you. They'll give you questions to ask your client if more information is needed and tell you which health rating to use when you submit them. This also can create a positive feeling in your client as they watch you going to bat for them.
- You can lose a sale by quoting Preferred rates when you shouldn't. People don't like to come up with more premium than they're expecting and they especially don't like being told their health is not Preferred.

Determine Which Plan is Right for your Client
before you sit down with them.



- Gather all your quotes, have them in your briefcase, but be prepared to only recommend one.
- Be the Expert – know why you're going to recommend the plan.
- Be sure you have all options with pricing on the plan you're going to recommend.
- Be sure you have all marketing and application materials for the plan with you.
- Be sure you've familiarized yourself with the Application and know how much premium deposit you'll need to have to submit with App.

The Interview

Be like Larry King.
Ask the questions and listen.

Start using the word “today” right away:

- “I’m here today to help you understand how to make the right choices for yourself.”
- “Today I’ll cover all the benefits, the costs, and answer all your questions so you’ll have enough information to make whatever decision is right for you.”
- “...and NO is a fine answer.”

Ask open-ended questions in a conversational style to develop need:



- **Personal Experience**

Have you had any experience with long term care?

Who? What happened? Did he think it would ever happen to him?

How did the family handle it? Did they have enough money?

- **Family History**

Tell me about your parents...are they still alive? How old when each died?

From what? Any care? How did family handle it?

- **Adult Children**

How many? Ask about each one. What do they do, where do they live?

What about their families? Can you look to them to help take care of you if you needed it? Do you want that?

Ask open-ended questions in a conversational style to develop need:



- Needs and Concerns

How are you planning to pay for care if you need it? What's your plan?
What are you worried about? What do you want to make sure happens?

- Where do you want care

How important is it to you remain in your own home? What plan do you have for making that happen?

- **Establishing Need** helps the client recognize a problem exists.
- **Creating Value** develops a connection between the client and the product. This helps cement in the client's mind that your product is the solution to that problem (or Need) and shows the client how he or she will benefit personally from owning your product.

Keeping it Simple

Explain the policy in simple terms, always tying it back to the need you developed:



The Places it covers:

- Nursing Home
- Assisted Living
- Community Care (Adult Day Care Centers)
- Your Home – always explain how this includes housekeeping, cooking, chores, as well as personal care.

Present your product with such conviction that the client never doubts that his or her decision to buy long term care insurance is the correct decision

The Break-Even

This shows how the investment in long term care insurance will be recouped quickly.

Example:

Annual Premium -	\$ 2,000	
Number of years paid	<u>x 30</u>	
	\$ 60,000	
Divided by daily cost of care in 30 years	(divided by)	
	\$ 600	= 100 days

You only need to have care for about 3 months to break even on what you invested.

Overcoming Objections

Top Ten List of Objections

10. "I won't live a long life."

You may not live a long life but, if you do and need care, the consequences to your family could be so catastrophic that the subject must be discussed.

9. "I won't need care."

You may never need care, but if you do, the consequences to your caregivers—your family—could be so severe that the subject has to be discussed.

8. *“My husband/wife/partner/kids
will take care of me.”*

I know they will. Because they love you and they will have to make sure you are safe. I want to talk to you about the way they can do it better and longer.

(The fact is that LTCi does not replace what families do. It allows them to provide care longer and better by bringing in professionals or paying for informal care to handle the types of care children or relatives find the most difficult, time consuming, and embarrassing)

7. *“I don’t want my kids to take care of me.”*

I know that. But they will anyway. Because they love you and they must make sure you are safe. In my experience, nothing tears kids up more than an aging sick parent pushing them away because they want the kid to think they can function independently when everyone knows they can’t. That stress on the kids is the greatest of them all. The worry is 24/7.

6. *“I’m a Veteran. They’ll take care of me.”*

The VA provides primarily medical care. To qualify for custodial care in a nursing home you have to have at least a 70% service connected disability. If it was going to pay, the government would not be offering the Federal Partners Program that sells LTCi to federal employees and military personnel.

5. *“Medicare will pay for my care—it paid for my father’s.”*

When was your father ill—was it before 1997? In 1997 Medicare eliminated fee for service care in home. Now Medicare only pays for skilled or rehabilitative, not custodial care. 95% of long term care is custodial care—help with the normal activities of daily living.

4. *“My lawyer told me Medicaid (Medi-Cal in CA) will pay for my care.”*

He’s right but only in a nursing home. In my experience not one of my clients wanted to go to a facility and the chances are you won’t go.

3. *"I might never use it."*

Insurance is for catastrophes. You always hope you'll never use it. Do you have medical insurance? Would you go a single day without medical insurance? Why not?

2. *"I think I'll wait."*

When will you need long term care? In six months, in five years? Do you plan to wait until you begin to get sick? I won't be able to help you then because you will probably not qualify. It would be like applying for car insurance at the scene of an accident.

1. *"It costs too much."*

If it happens to you, the financial and emotional cost to your family is what's too much. If you think paying \$_____ a year in annual premium is challenging, what would \$4,000 or \$6,000 a month in long term care bills do to your budget or retirement savings?

What makes a salesperson succeed in this business?



- Honesty and trustworthiness
- Easy to understand; the ability to make and keep things simple
- Being a good listener
- Being authentic

It's worth the effort



- Because the need is REAL
- The risk of needing care is substantial
- Knowing you have helped your clients protect their family, their pride, dignity, and assets is extremely gratifying

For more information, contact:

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