HOW TO SUCCESSFULLY SELL TO THE (VERY) SMALL MULTI-LIFE MARKET

BY LYNN DEVITT

If you specialize in selling individual long-term care insurance (LTCI), you might have found it challenging to sell multi-life. Multi-life, however, is simply a sale like any other, and it requires many of the same techniques for success as other lines of business.

In other words, you must create the need for LTCI in the multi-life market.

Multi-life is the fastest-growing segment of the LTCI market, and it can be easier to transition from individual products when you work the very small multi-life market — businesses with fewer than 50 employees.

ADDRESSING HEALTH CONCERNS

Typically, multi-life offers simplified underwriting and policies issued with standard rates. This allows producers to obtain coverage for clients who might not otherwise qualify in the full underwriting environment of the individual market. Often, you can initiate a sale by asking executives if they have any health concerns; when someone with less than stellar health understands that they won't qualify for individual long-term care insurance, it can make the multi-life offering more attractive. In these situations, it's important to determine if there is a buy/sell agreement in place. Business owners are aware of how a potential health issue could completely change the future of their company, and producers can further help them understand how LTCI can solve this issue.

MAKING PARTNERSHIPS

Many individual LTCI sales are accomplished by creating business alliance partnerships — and the same is true with multi-life. Current referral sources make great prospects. It may be as simple as letting them know you offer multi-life LTCI, and then taking time to discuss what a prospect looks like. Many producers have success with medical clinics, engineering firms, law offices, CPA firms, and the like.

GETTING THROUGH TO THE TOP

A distinct advantage of working with the small multi-life market is that it can be easier to access the decision-maker. Create the need for LTCI by using the same questions and stories you use for individual sales; for example, "If you are planning to reach age 65, there is a 70 percent chance you will have a long-term care need. What is your plan?" Business owners are planners and are concerned about retirement. Helping them understand why LTCI is an essential part of their retirement strategy can lead to a successful executive carve-out.

STUDY: GROUP EMPLOYER-SPONSORED LTCI BUYERS

Purchasers of true group long-term care insurance tended to be slightly older in 2009, and an increasing number selected less costly policy features according to the American Association for Long-Term Care Insurance's (AALTCI) annual study of group (employer-sponsored) long-term care insurance. The organization's research was based on an analysis of nearly 66,000 new buyers.

According to the annual study, more than one-third (37.2 percent) of new group buyers were 55 or older, compared with 28 percent for 2008.

Nearly half (45.4 percent) of new enrollees selected daily benefit levels of $149 or less — about an 8 percent increase compared with the prior year.

"While there was an increase among those selecting less costly options, there was a slight increase in those selecting more costly plans offering daily benefits of $200 or more," Slome said. "In addition, there was a slight increase in the number of new enrollees selecting longer benefit periods, which are more costly."

According to the association study, the most common benefit period remains five years. About 66 percent of buyers selected coverage designed to pay benefits for at least five years (up from 61 percent the prior year). Unlike individual long-term care insurance policies, where nearly half of all buyers (64.5 percent) purchased a 5 percent annual inflation growth option, only 15.4 percent selected this option, with the vast majority (83.6 percent) selecting an option that enabled them to increase benefit levels periodically in future years.

The association study also examined new claims beginning during the year. The complete findings of the survey are found in the 2010 Long-Term Care Insurance Sourcebook published by the American Association for Long-Term Care Insurance. For more information, visit the organization's website at www.aaltci.org. «

Employers are often surprised to learn they can deduct the full premium for their employees and that the employees will not receive the premium as taxable income. Also note that the employee receives the benefits income tax-free. LTCI has the most tax advantages in the benefits market today, and the cost of a starter plan is, on average, $8 to $25 monthly. This can feel like a no-brainer to a business owner. As a general rule of thumb, LTCI premiums do not have the annual increases seen with most other benefits products.

If you can identify the tax structure of the business entity, this can go a long way toward identifying how the business can leverage the preferred tax status of LTCI.

There are many opportunities in the small multi-life market. Begin by determining who your multi-life prospects are, learn the multi-life sales process, sell the need, and market your skills for a successful multi-life career. Remember that LTCI has the most tax advantages of any other benefit in the market today — so stop leaving money on the table and start asking your prospects if they've considered multi-life long-term care insurance. «

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Setting Yourself Apart with Multi-Life

BY PAUL DAUGS

In the insurance business, it's all about differentiation — and what better way to show that you're different from other producers than with new ideas that garner great benefits with little cash, such as offering an executive benefit without paying for it?

Multi-life long-term care insurance is just the ticket for this type of big idea. If designed properly, a multi-life LTCI policy allows the executive to purchase their benefit through the company with their bonus income. The company simply pays for the LTCI premium with the executive's bonus first — and because employees don't receive LTCI premiums as taxable income, the executive just saved a pretty penny. Couple this strategy with a 10-pay policy, and now the executive has a real reason to stick around until their policy is paid up. «

Paul Daugs is a multi-life specialist with Newman Long Term Care.

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