

The Rebirth of LTCi Solutions

▶ The long-term care insurance industry is changing, with policies to fill the gap in your client's plans.

By Deb Newman

Rarely do we see a story with a positive spin on the nightly news – or in news about the financial services industry. The latest buzz is about the supposed demise of the long-term care insurance industry. Let's look at all sides – the bad, the good and, more importantly, what changes need to be made in order for this industry to thrive.

Let's Look at the Bad News

Traditional benefits, as well as some companies, are beginning to vanish:

Limited pay options: Most carriers are unable to find reinsurers willing to take on the risk. Others have eliminated the uncertainty of that pricing due to the low interest rate environment.

Issue ages over 80: Many companies are decreasing maximum-issue ages to 75 or 79.

Carriers continue to raise premiums on some older blocks of business that were not priced correctly due to low lapse, low interest rates and increased mortality.

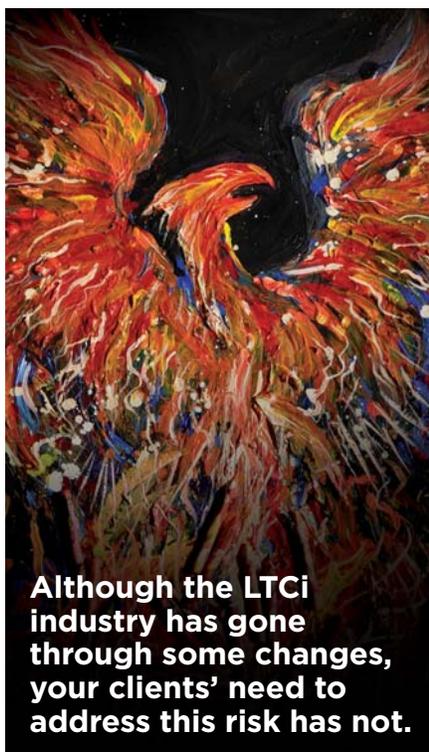
Discounts are declining: Fewer companies are offering significant preferred health discounts and deep discounts for spousal/partner relationships. Some insurers have left the market.

Simplified underwriting for small employer groups is scarce: Guaranteed issue on less than 150+ lives is no longer available.

And Now for the Good News

Companies are entering the LTCi market: Large carriers such as Thrivent Financial and Transamerica have re-entered the market with their own products. Others, like Mutual of Omaha, have expanded their distribution, while still others are staying the course and growing.

Product innovation: New products whose entry points have lower prices are being developed and marketed. How does \$80 a month sound? These policies



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are sold like starter life policies – with future purchase options that give the advisor the opportunity to review with his clients more often and increase the benefit over time.

Selling innovations: Forward thinkers are making it easier to sell LTCi anywhere, anytime. John Hancock has spent millions creating its LTC Captivate sales system, designed to help you meet with your clients on line. Catherine Dove from LTC Connection is developing LTC Roadmap, an integrated online sales system that will work across the various carriers and products.

And there is More News

Gender-specific pricing: Genworth and John Hancock have introduced gender-based pricing. In general, it may cost women 20-40 percent more for coverage, while men will pay less. Other carriers have indicated they will likely follow suit later this year. Interestingly, John Hancock's pricing on couples actually has become more affordable in many cases.

LTCi riders on life products and linked benefit policies: We are seeing a new generation of life insurance prod-

ucts with innovative LTCi riders – both traditional life insurance and hybrid single premium products. But not all LTCi solutions will yield the same result at claim time. Accelerated death benefit and critical illness riders may give the illusion of LTC protection, but have different definitions.

Underwriting is changing: Carriers are screening for cognitive impairment at younger ages, and some are using traditional blood and urine testing for additional new underwriting requirements.

Short-term care and other innovative solutions are on the drawing boards of many carriers: Work is being done within a working group of the LTCI Society of Actuaries to recommend needed changes to the National Association of Insurance Commissioners model, so more innovation can emerge.

What has not changed are your client's motivations for considering and purchasing LTCi: Avoiding placing the caregiving burden on their children, protecting their assets, being able to obtain high-quality private pay care and gaining peace of mind because they have taken care of the problem. These are in videos sponsored by the LIFE Foundation at <http://bit.ly/innm0613-ltci>.

Although the LTCi industry has gone through some changes, your client's need to address this risk has not. With 10,000 people a day turning 65 for the next 17 years, the topic of LTC planning is not going away. You can change your client's life – and that of his family. Whether you partner with a specialist or provide the solutions yourself, the industry awaits with policies to fill this gap in your client's plans. [in](#)

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