

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
LTICI 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

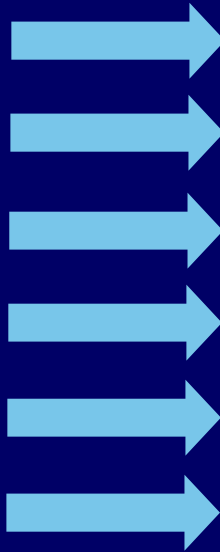
Step Three

- 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!

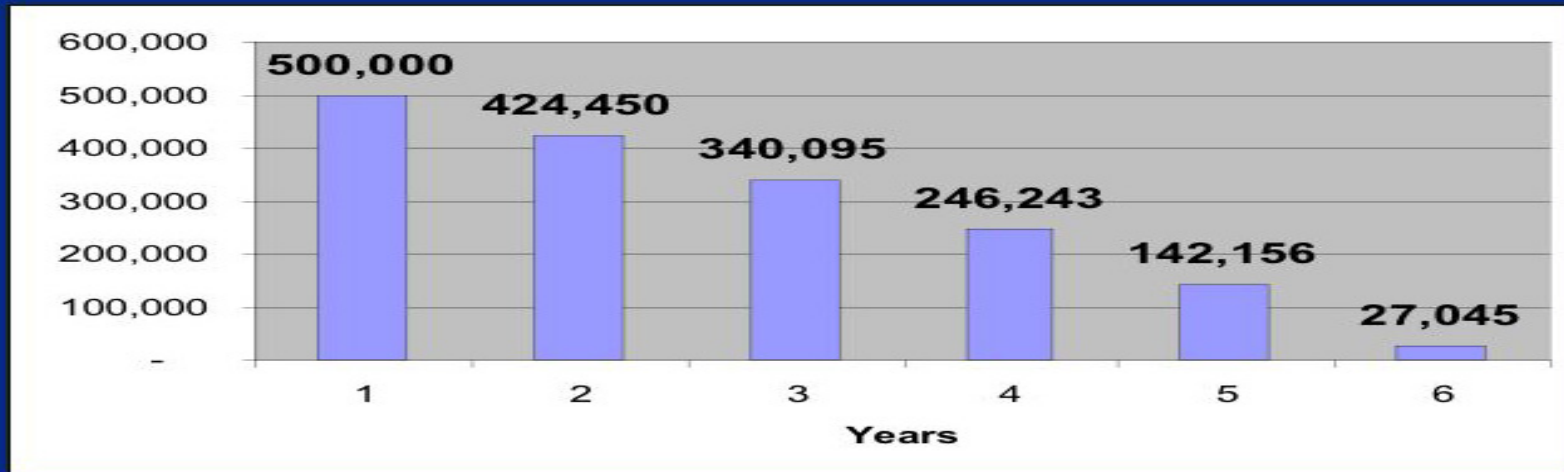
Step Three – Funding Options?

- **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 Marketplace²

– 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

Exploration

Similarities to Disability Insurance

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

Typically,

DI	LTCI
<ul style="list-style-type: none">• Inability to perform duties of “own” occupation• Elimination period• Benefit period• Protect lifestyle	<ul style="list-style-type: none">• Inability to perform activities of daily living• Elimination period• Benefit period or amount• Protect lifestyle
<p><i>but there are significant differences as well...</i></p> <ul style="list-style-type: none">• Protect monthly income	<ul style="list-style-type: none">• Protect against costs of LTC