

# perspectives

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Independent brokerage industry insights

## LONG-TERM CARE

## You say Niche, I say Not!



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**What would you consider** a niche market? Is it short-term medical? Is it corporately owned life insurance? Well, I can't help but to think that we've allowed Long-Term Care Insurance to become a niche market, however not in the way you'd expect. Niche relates to products, services, and interests that only appeal to a small, specialized section of the population and while I believe that LTCi provides a service that's almost universally valuable I also think that, as agents, we have limited the market with our practices to the point that it neatly fits this description.

For several reasons only a small, specialized percent of agents regularly discuss Long-Term Care needs with their clients. In a 2017 study of both agents and clients produced by Versta Research in conjunction with Lincoln Financial, it was found that 90% of people believe advisors should discuss Long-Term Care needs with clients, but only about 14% of individuals have spoken with their advisor about paying for Long-Term Care in the event they need it<sup>1</sup>. There's a clear disconnect here; all too often we put off talking about Long-Term Care planning with individuals until they ask about it. At that point it's probably too late for an uncomplicated discussion.

We should be more confident than ever to talk about all the different planning strategies that are out there today. I work primarily with Property & Casualty agents, so I reinvent the wheel all day, every day. I understand that LTC isn't what puts food on the table. It's the gravy on the mashed potatoes. It's the salt on your sirloin. It's the tiramisu that you want to save room for. Once you get yourself comfortable with starting the conversation, you've already taken the hardest step.

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1 \*According to Versta Research, 2017 LTC Marketing Thought & Leadership Research, Findings from Surveys of Advisors and Consumers

### Talking strategy

I like to take time to get to know my agents and their natural selling style and their typical client. From that we can talk strategies. For instance, most P&C agencies like to have 60% of their business in commercial accounts and 40% in personal lines. To me, that's a strategy. Let's look at the commercial accounts as your business owner LTC sales and talk to them as such. I'll explain to the agent that as a business owner you have the opportunity of buying LTC coverage and deducting some or all the premiums and selecting on who the business buys for (legally of course). It just makes good business sense to use the company check book to buy, deduct and protect personal and business assets with traditional Long-Term Care Insurance. Now the personal lines are a little more touchy-feely; you'll need to modify your approach. There isn't the business conversation to be had, but you'd be remiss to not ask these individuals if they have a Health Savings Account (HSA) tied to their health insurance. They could take the same age-based deduction through their HSA.

### Planting seeds

What I'm hoping to establish is that, with a shift in thought process, the long-term care industry could be brought back from its current designation as niche. There are plenty of opportunities if you are willing to start the conversation. Just have the concepts in place for the different strategies that are out there today, or you could work with an LTC professional if you don't want to get in the weeds.

You just need to be the opportunity expert, let someone else handle the solutions for you. You'll be amazed to find that by just finding prospects and starting a conversation you're planting the seed that will lead to a tree with many fruits!

## Obtainable success

LTCi doesn't have to be a niche, reserved for a select number of agents willing to jump through hoops. If you keep a few points in mind, being a successful LTCi agent is an obtainable goal:

### Underwriting

You need to speak with your clients before they become uninsurable. This means you've got to broach the conversation early. Don't be afraid to plant the seed in their 40's. If I were a gardener, I'd attest to planting lots of seeds, so you'll have to trust me when I say sometimes it takes a lot of seeds before you see the plant grow. It takes time and patience. Long-Term Care planning is no different. Sure, underwriting is more difficult now, but the need is still there. Of course, underwriting is more difficult if you're waiting for your clients to ask about LTCi; there's a reason they're suddenly interested.



### Premiums

I've noticed that several of the agents I've spoken with about LTCi are under the impression that high premiums are an excuse to allow clients to remain uninsured. We shouldn't allow ourselves, or our clients, to fall into using this excuse. If high premiums are a concern, it's likely because your client needs a policy that's better tailored to their needs. With hybrids, linked benefits, short-term care, long-term care, critical illness, hospital indemnity... there are options to fit every budget and with that in mind, every health condition as well.



### Partnerships

Let's not overlook the power of a Partnership! Almost 3 out of 4 people believe that Medicare or Medicaid will pay for their Long-Term Care needs. I'd wager a much smaller number realize how spending down for Medicaid works. Not everyone has a yacht to lose, but they might want to protect a piece of property that's been in the family for generations or some other asset that's precious to them. Designed for Middle America, a dollar-for-dollar LTCi partnership could protect your client's assets. Not everybody needs \$300/day, lifetime benefits, and 5% inflation. Nor is it what people are buying.

