

NAIC looks at ways to boost LTC policy sales

By Bruce Shutan

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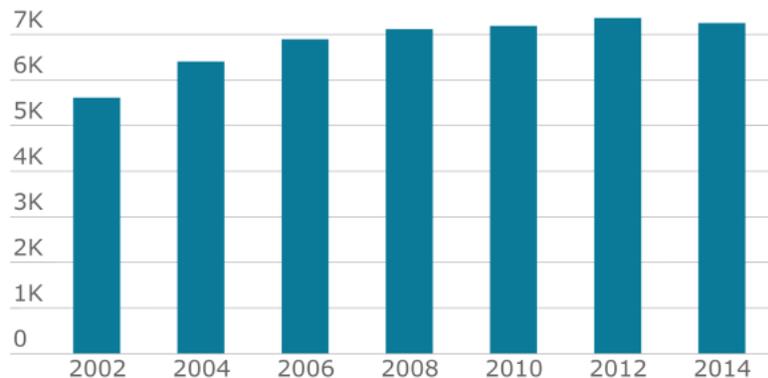
Comprehensive research on the state of long-term care insurance intends to advance innovative sales solutions.

The National Association of Insurance Commissioners has published a 181-page report on the LTC market that includes insights from state regulators, consumer advocates, academics and insurance industry executives.

Teresa Miller, Pennsylvania Insurance Commissioner and chair of the Long Term Care Innovation (B) Subgroup, noted that “consumers have struggled to keep up with changes in price and the insurance product itself.”

LTC coverage levels out

The number of insured lives under long-term care plans



Source: NAIC Experience Reports

The study, “The State of Long-Term Care Insurance: The Market, Challenges and Future Innovations,” was developed by the NAIC’s Center for Insurance Policy and Research. The subgroup is examining ways to finance LTC, as well as contemplating the private market’s role in future years.

Miller believes proper education of insurance agents, brokers and advisers is critical to reverse the public’s poor perception of these products. One explanation for low sales is that “consumers feel like they were lied to by their agents when they were told their premiums would never increase,” she reports. Trust also was lost when she says some policyholders continued to face multiple, double-digit rate increases.

Significant market contraction is now the result of anemic interest in LTC. The number of insurers selling these policies has plummeted over the past decade to roughly a dozen carriers from more than 100 across the U.S., Miller points out.

She says a noteworthy development is that traditional policies are now giving way to a hybrid approach involving, for instance, an LTC rider that’s included in a life insurance product. Industry leaders also are recommending that LTC become an opt-out vs. opt-in coverage option or a more integral part of retirement security planning by including the product with life, annuity and other savings strategies.

The larger thinking is to offer something that’s more tangible or a payout to policyholders or heirs relative to other forms of insurance, but there’s

still a perception problem to overcome. "We all pay for homeowners or auto insurance, hoping that we never have a claim, but we still find value in the product," Miller notes. "What we hear from consumers is they don't necessarily find value in the product unless they think they're going to use it, and yet, nobody wants to use their long-term care insurance policy."

Members of the subgroup Miller chairs, which grew out of NAIC's the Senior Issues Taskforce, have suggested public education campaigns along the lines of the "Own Your Own Future" theme promoted in a number of states years ago. "I think we may want to look at something like that again," she says. Also envisioned a re informational and educational materials that agents, employers and state officials can get into the hands of consumers as they're trying to make decisions about retirement and their future.

Room for growth

More than 7 million Americans have LTC, according to the report, which suggested there's tremendous room for market growth 30 years after policies began to sell. Earned premiums of less than \$12 billion (excluding combination products), for example, fall short of about \$13.6 billion of in-force premiums for the combined short-term and long-term group disability market and way below \$28.2 billion for the group life insurance market.

Agents are seen as critical in helping consumers "overcome the sticker shock of the premiums for an LTC product and demonstrate it is still a valuable purchase," wrote LTCG chief actuary Vincent Bodnar in an article included in the report entitled, "The Long-Term Care Insurance Puzzle: The Lack of Private Insurance Penetration." Unaffordable prices were traced to several culprits, including rising claims, low mortality and lower-than-expected policy lapses.

Miller's subgroup has a wish list for NAIC, as well as the state and federal level, to help move the needle on LTC sales. Given the propensity for ideas that aren't realistic in this political climate, she notes that the focus is on incremental change aimed at dispelling fears and the negative publicity associated with LTC.

"If we break down some barriers to allow for more innovation, but also maintain consumer protections, then that's part of the conversation we want to have," she says.

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Posted By **Jeff Kollum**

Saturday, July 09 2016 at 11:20 AM

Now retired, but as a former insurance and employee benefits professional, I welcome the opportunity to participate in renewed public education campaigns, including awareness of the potential crisis that awaits those unprepared to deal with these predictable realities. Attendees praised the informational LTC class/lecture that I've created and conducted. It could benefit a much wider audience. Is there a way I could contribute to the initiatives noted in the article?



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Views How advisers can refresh their approach to disability sales

By **Brian Kost**

Published July 12 2016, 12:15pm EDT

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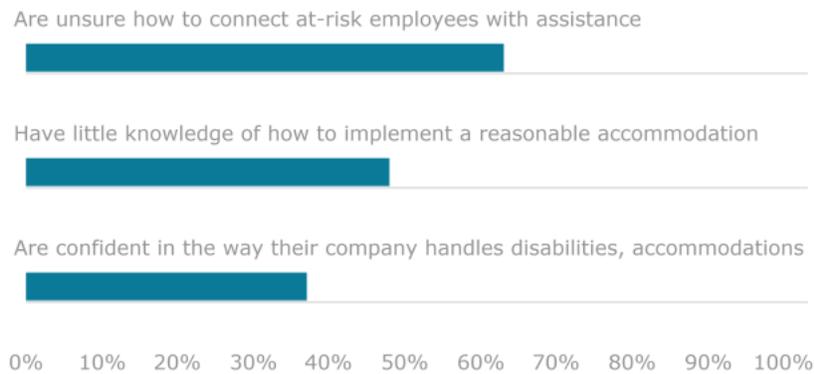
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As part of my work to help employers better manage employee absence and disability, I've worked with a lot of brokers. I've been part of all aspects of the sales process, from responding to RFP questions to presenting at post-sale implementation meetings. During these interactions, I've learned that some brokers have a good grasp of their client's disability management problems and how to meet their needs, while others are less tuned in to the details.

Having a strong understanding of your client and their organization's challenges with disability management can do a lot for your business relationship. While many employers and brokers think that disability insurance is just a commonplace benefit, **a comprehensive disability program** can make a difference for your clients.

Disability awareness

Percentage of HR managers surveyed who say they ...



Source: The Standard

Ahead of your next check-in meeting, refresh your disability sales approach and better meet your client's needs by doing the following:

Dig in to your clients' pain points

While you may have an idea of some of the things on your clients' minds, do you really know what aspects of disability management are keeping them up at night? There is a lot that may be going on behind the scenes that is causing your clients a lot of time and, potentially, frustration. Often, your clients may not even know that disability carriers can help solve some of these challenges, including:

- Managing ADA/AA accommodations and complying with federal regulations
- Administering and tracking FMLA leave
- Helping employees return to work after a disability
- Engaging employees experiencing health issues before they go out on leave

Make benchmarking data your friend

When an employee goes out on a disability leave, an employer's first question is usually: When is the employee coming back to work? When selling a new disability carrier, data points around employees' disability leaves — including disability incidence, duration and average cost — can be impactful. I always recommend brokers use data sources, including those from the Integrated Benefits Institute, to benchmark the customer's current data alongside a carrier's data. These numbers can show how a carrier could help reduce the overall strain they may be experiencing in regard to employee disability leaves.

Know the key stakeholders

When finding a disability management solution, it's important to know the key players in an organization. Aside from your main contact who helps manage and administer benefits, are there other people who are key in helping manage disability? Is there an ADA/AA coordinator who helps with accommodations or a point person for FMLA leaves? Does the organization have a facilities services department that helps source equipment?

An important aspect when onboarding a new program is to make sure that everyone — from upper management to facilities services — is involved and understands the accommodations process. They also will have unique perspectives that can help tailor a disability management plan to align with that organization's existing policies and procedures.

These are just a few approaches to take when refreshing your approach to disability sales. Not only can it make your client relationships stronger, you also can feel good in knowing that you're helping your clients chart a path for employees who may be in need of assistance to stay at work or return to work after a disability.



Brian Kost

Kost is the program director for Standard Insurance Company's Workplace Possibilities program.

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New legal benefit targets advisers

By **Caroline Spiezio**
Published July 11 2016, 5:55pm EDT

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Every year, 70% of households will face a legal issue, the American Bar Association reports. For those seven in 10, it can lead to distractions at work and lower productivity. Therefore, employers have begun using legal services as a benefit to keep workers engaged, even during stressful times.

Over the past two decades, the percentage of employers offering legal services as a benefit has increased from 13% to 25%, the Society for Human Resource Management finds. This benefit ensures lower costs for an employee facing legal issues from divorce, health issues or any number of situations.



Grahame Cohen

"It's a matter of a continuation of employers looking to increase benefit offerings and looking for new opportunities to reward staff," says Grahame Cohen, founder and CEO of Epoq Legal. "There is convenience and accessibility, and it reduces the burden on staff when they have legal needs."

Broker product

Cohen's company recently launched LawAssure for Brokers, an interactive approach to legal service benefits. The goal is to make legal services more accessible, as many employers have been unable to offer the benefit due to its high cost.

"For us, this is about helping both the broker community, the employers and the employees themselves get access to legal services at a price that makes it positively available," Cohen says.

President of Fortier Insurance Dan Fortier is an early adapter of LawAssure. He noticed that a lot of employees he spoke with weren't getting the legal help they needed because it was expensive and time consuming to find someone.

"Once clients are made aware that this is available there is going to be more interest," Fortier says. "Employees have these kinds of issues going on."



Caroline Spiezio

Caroline Spiezio is an intern at *Employee Benefit News* and *Employee Benefit Adviser* and a rising senior studying journalism and economics at Northwestern University.

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