HAVING CONVERSATIONS THAT MATTER

Long-term care (LTC) insurance is a tool families use to provide as much comfort for their loved ones as possible during very difficult circumstances. An LTC event can create a significant burden on the surrounding family in the form of providing care and depletion of finances.

Long-term care insurance is a critically important product and service that Mutual of Omaha provides, and it's equally important that this conversation is being had with the appropriate prospects at the right time. Use this piece as a quick reference resource to help ensure you don't miss any indicators of a possible need.

Based off a survey Mutual of Omaha conducted of current LTCi policyholders, we have identified many factors that should help you better serve your clients:

What are some typical characteristics of a long-term care insurance buyer?

- Clients between the ages of 45 - 65
- Married with adult children
- A "planner" who is interested in financial issues; owns life insurance and other conservative investment products
- Family oriented
- Exposed to LTC issues; knows someone (a family member or friend) who has needed LTC services
- Research oriented; an online user; self-educated about LTCi

Knowing this information, you can start looking for people who fit the profile in your existing client base. They already know you and trust your recommendations, and should be receptive to talking. Use this information to help prospect for new clients as well.

Now we know some characteristics of the typical buyer, let's review what triggers the decision to buy and how people learn about LTCi:

Life Events that Trigger the Buying Decision

- Planning for retirement or spouse has retired
- Loved one needing care
- Change in financial situation
- Change in marital status
- Birth of a grandchild

How People Educate Themselves

- Family or friends
- Information from their employer
- Financial advisor, insurance agent or broker
- Brochure from insurance company
- Advertising, television or magazine

Understanding the life events that most often trigger a buying decision will help you recognize people who are facing the same issues. Focus on how LTCi can help preserve independence, protect retirement assets and provide peace of mind.

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Why Clients Purchase and When

Mutual of Omaha conducted a survey of our own policyholders, as well as policyholders from other carriers, called "Hearts and Minds[1]." The purpose was to better understand why and when people purchase long-term care insurance. It found that approaching retirement is a very common trigger, and the majority of policyholders purchased between ages 45 – 65. Many cited the main reason for buying is because they are aware coverage continually gets more expensive with age. Knowing this information, it would be wise to start having the discussion before the typical buying ages.

Show clients how every year they wait, the cost goes up. Then explain that the longer they wait, the greater the chance their health will change. And if that happens, they may not be able to purchase a policy at any cost.

Risks and Rewards

While most people acknowledge that planning for long-term care is important, they don't have a clear understanding of the risks associated with a long-term care event. Most people can tell a story about a family member or friend who suffered from a long-term illness or disability, but their knowledge tends to be limited to that particular situation. Be ready to provide them with some statistics:

- 1 in 5 households provide LTC to someone over age 18
- The average cost of home health care is $70,058.56w annually
- 50% of people entering a care situation are penniless within one year

These risks are important to know, but it is important to not scare prospective clients with these statistics. Rather, use them to advise clients on how LTC insurance can help protect individuals and their families from these risks.

The Bottom Line

People are skeptical about long-term care insurance and probably have some unanswered questions. This gives you the perfect opening to address the options available to help pay for long-term care services – self-funding, government programs and long-term care insurance. Understanding their concerns allows you to be prepared to answer questions and turn non-buyers into buyers.

Purchasing LTC insurance isn't something many feel they can do on their own. People value the services of an agent, they want someone who can assist them through the process and reduce their decision making to a few key questions.

Make yourself more valuable by providing the education they need and explain the solutions in simple terms. Most importantly, take your time and be patient. Long-term care planning is a process.

Contact your Sales Director or Account Executive for more information on our LTCi Portfolio.

[1]Source: Mutual of Omaha, "Hearts & Minds: Understanding why people buy long-term care insurance."