

financial value of benefits. This allows clients to see that their premiums provide valuable protection. You can extrapolate the future value of the benefit to any age they believe that they will need care. It is just an example, but it allows the consumer to see what they are purchasing with their premium. It is simple and effective. You could even do this calculation on a yellow pad.

After you've made this type of broad stroke presentation, ask the 55-year-old client, "How much would you have to set aside annually, after taxes, to accumulate \$1 million by the time you are 81? The answer is shocking! As you can see from the chart, the answer is \$12,285 per year - - thousands more per year than the policy premium.

Do insured's really need lifetime benefits? The Milliman study reveals that the agents' bias towards lifetime benefits is creating the perception that only a Cadillac will do, when many consumers can only afford a Chevy. In the perfect world, everyone would be behind the wheel of a Cadillac. However, in the real world the vast majority of us would be walking if not for a car like the Chevy! The Milliman study reveals that only 10% of people over 65 own policies. Many holdouts say they are intimidated by high costs and the bewildering array of benefit levels, deductible periods, and other features.

In the brave new world of long-term care insurance sales, agents will need to answer the following questions for the client:

- What is long-term care?
- Where is it provided?
- What is the cost of care today and what it will be when one is likely to need care?
- What are the primary features of the long-term care insurance policy (There are really only four or five.) How does one qualify for the benefits?

Agents will also have to explain the benefits as a pool of money and how the premium transforms into valuable income protection when the client is likely to need care. I contend that this conversation should last less than 25 minutes. □

*For more information about 'The Less than Lifetime Solution' and other creative solutions to long-term care insurance brokerage needs, e-mail [barry@bjfim.com](mailto:barry@bjfim.com), or visit [www.bjfim.com](http://www.bjfim.com).*

## Long-Term Care

# Interviews Can Make or Break Your Client's Chances of Getting LTC Coverage

by C.J. Laugharn

Imagine you just found out that your long-term care insurance applicant was declined. After investigating the matter, you found that it had nothing to do with her medical history; she simply failed the face-to-face interview. What seemed to be a healthy and insurable prospect has become a major disappointment. Your client is unhappy, she may question your credibility, and you lost a sale!

Agents work hard to explain concepts about long-term care (LTC) and long-term care insurance to their clients. They establish the need, medically pre-qualify them, design a plan, and gain a commitment. But, the sales process does not stop once an application is submitted to the carrier.

The underwriting process is a "sale" of another sort. The underwriter must be willing to "buy" the client in order for the client to buy the insurance. The agent is responsible for advising applicants how to improve their chances of getting a favorable underwriting decision.

Some healthy, younger applicants can qualify simply from the information on their applications, but most applicants have to submit to a phone interview or face-to-face assessment, depending on age and the carrier's underwriting requirements. This interview can make or break the sale depending on how it is conducted and how the applicant responds. This article will explain what those interviews are about and how you can minimize the chances of hearing the two most dreaded words that come from a LTC underwriter, "applicant declined."

Face-to-face assessments are in-person interviews that can be conducted in the applicant's home or office. The interview is conducted by a healthcare professional, typ-

ically a licensed nurse. The interviewer asks about the applicant's medical history and makes observations about physical functionality. The examiner uses verbal exercises to evaluate memory and cognitive abilities and asks questions about lifestyle. Although these interviews vary by carrier, they are commonly required for applicants 70 or older and usually last about an hour. They may also be required if an applicant's medical history or the phone interview warrants further review. The insurance company typically bears the cost of the interview.

The following example illustrates problems that can occur as a result of the face-to-face assessment: Earlier this year, an agent was advised of a decline based on the face-to-face interview. The interviewer's notes showed that the applicant failed a "word recall" exercise. The assessor also observed poor concentration abilities and a general evasiveness on the part of the proposed insured. The case was declined because of "cognitive issues."

After speaking with the applicant, the agent learned the assessor had been late for the appointment, forcing the applicant to rearrange his entire afternoon schedule. An already uneasy situation became unnerving, leaving him little chance of having the basic concentration and time to pass the generally simple interview. Rather than giving the interviewer his complete attention, the applicant was distracted and eventually annoyed by the seemingly elementary nature of the memory evaluation. The agent failed to prepare his client for the types of questions he could expect.

The assessor's tardiness did not get this interview off to a positive start and the applicant's lack of preparation quickly turned it into a negative situation, greatly reducing his chances of selling himself to