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SOA LTCI Conference 2004: One Marketer's Perspective

by Mike Muench

Having attended the SOA Annual Intercompany LTCI Conference for the last three years, it has been a pleasure to watch this event evolve from a forum primarily for actuaries to a very well-rounded LTCI conference with an actuarial base. Nowhere else do so many top-level people from various disciplines within LTCI have an opportunity to honestly interact. It was rewarding to renew and develop relationships with colleagues from the industry.

There were over 700 conference attendees this year, and I would guess that each of us took away something different. I attended mostly marketing-oriented sessions, but tried to visit with individuals across the spectrum of disciplines. I came away with the sense that three long overdue trends are emerging. These issues are not new and we still have much work ahead. However, the number of informed Americans in and out of the industry may be nearing the critical mass needed to meaningfully address the needed solutions. I'm talking about employer market, the "separate-ness" of LTCI and the urgency and scope of the LTCI issue.

The group/employer market is finally heating up. More and more companies are tapping into younger, healthier clientele through the employer market. Whether through true group policies, affinity discounts or the willingness to list bill, most companies are taking definitive strides toward attacking this segment of the market.

In the past, John Hancock and MetLife have been dominant players in the employer market, primarily through the government program. Talking to company representatives from Med-America, Kanawha, and many others, it is clear that production from the employer market will rival and possibly exceed the individual market in the near future. Confirmation of this trend arrived via e-mail this week in the form of Jesse Slome's invitation to attend the first national conference on group LTCI in Boston in May.

LTCI is being recognized as a separate entity from other insurances. The consensus seems clear: whether from an actuarial, management,

marketing or underwriting perspective, LTCI is a horse of a different color. While there are basic tenets to successful sales, underwriting and actuarial issues, we are finally understanding that LTCI is different. Specialists are ultimately essential. As this recognition grows, it will continue to affect how LTCI is marketed.

Historically, most companies' individual LTCI has been sold based on a negative selection basis. General agents contract with multiple carriers and simply steer clients toward the policy that has the loosest underwriting or lowest premium for a given situation. Spreadsheets make great sense if you are an individual marketer or consumer, but each time this is done, a carrier is being chosen in essence where it is the weakest. As we look to the future, more companies will look to move away from this model and toward more employer groups, LTCI specialists and captive agencies. As this trend takes hold we should see more stable (or at least predictable) blocks of business.

There is an increasing sense of mission inside and outside the LTCI field. For many years, there has been a small number of dedicated voices ringing out, but today there exists a zealotry, a "we can and must make a difference" mentality which is becoming universal today. While formerly true within the industry, the message now is being heard outside as well (as evidenced by the recent HRA legislation).

In every session I attended there was a clear passion to serve this mission as well as an acknowledgement of our grave responsibility. The men and women at the conference seemed to realize that we have one chance to pass the mantle of financial security to our children and grandchildren and we must not fail.

I look forward to attending future SOA LTCI national conferences. It's rewarding to see so many dedicated people engaged in a meaningful cause. My hope is that we can continue working together to increase awareness that LTCI should be a foundational element in responsible financial planning. ✱



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