



SOCIETY OF ACTUARIES

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# Three Questions

*"A moment's insight is sometimes worth a life's experience."*

**W**ith this quote from Oliver Wendell Holmes, Sr. in mind, we pose a series of identical questions to diverse long-term care insurance industry leaders asking them to share thoughts that we hope will yield meaningful and interesting insights for all. We thank Mark Goldberg, Gene Pastula and Tom Riekse, Jr. for taking the time to respond to our questions.

## **Q: BEYOND DEMOGRAPHICS, WHAT MAKES YOU OPTIMISTIC ABOUT THE FUTURE OF LONG-TERM CARE (LTC) INSURANCE SALES?**

**Riekse, Jr.:** First, happy customers. As more families are positively affected by LTC insurance, they will get the word out to friends and neighbors that it is a smart thing to do. Second, an increase in private pay providers. As these innovative and entrepreneurial care organizations (both home- and facility-based) increase their business, people will become aware that traditional sources of money like Medicare and Medicaid won't work as well with these organizations.

Finally, technology. New methods of communication and enrollment at the affinity and employer level and enabling enormously cost-effective outreach to employees and their families. It will become increasingly easy to price shop and buy LTC insurance online.

**Goldberg:** The demand for alternatives to self-insuring against such a life-changing risk will only continue to grow as more attention is put on this challenge and our existing health care systems are stretched to their capacity. Americans will want to stay in control of their lives and not become dependent on the government. Innovation in medicine and technology will allow for us to stay at home for much longer with conditions that in the past would have required more institutional confinement. As we live longer, more people will have the experience of watching the impact of not being properly prepared, and seeing it happen to someone

they know, which is the number one reason why someone needs to take action to protect himself. Insurance companies may evolve product design so that policies might not look like they do today, but the demand for alternative solutions to this risk and their ability to collect premium dollars marketing protection against that risk will only become more attractive in the years ahead.

**Pastula:** There is no question that our aging population is expanding life expectancy. Instead of quickly dying from disease, it is getting to the point where bodies simply wear out. It is during this end-of-life time that LTC is becoming the rule rather than the exception. Gradually our culture is beginning to come to grips with these realities. Our industry will respond by offering solutions that provide value that clients will more easily perceive at time of purchase.

## **Q: WHAT TWO OR THREE THINGS CONCERN YOU MOST IN TERMS OF HINDERING THE POTENTIAL GROWTH OF SALES?**

**Goldberg:** I never understand the amount of misinformation that finds itself into the general press, and distorts the realities of our marketplace. Anyone who knows our business knows how off-base much of this information is, but to the general public, it paints a negative picture and distracts from the good our products and services can deliver.

The other is the lack of new producers taking up this cause to be properly prepared to help their clients address this issue. LTC insurance is a product that still needs specialists to properly uncover their clients' risk and design a plan; it's not a commodity product like auto or homeowners, and I don't see a time when it becomes one. When you compound that with the additional compliance requirements the different state departments of insurance (DOIs) have imposed and the negative publicity surrounding the business with carriers pulling out of the market, you get an environment where there are just

fewer people looking toward making solutions for LTC a part of their discussions with their clients. Many of our producers continue to have record-breaking years, but when you look at the marketplace in total it's hard to make up for those who have simply stopped producing.

**Riekse, Jr.:** The low-interest-rate environment. Companies need to be able to invest premiums at a level that keeps premiums lower and encourages this type of planning and the regulatory environment. There needs to be commonsense regulation of LTC sales and marketing practices that is more responsive. Big states like California and Texas need to put a priority on smart regulation to promote LTC planning. Finally, one needs to look at distribution to take the lead when carriers offer innovative ideas and plans, and adopt them instead of wishing for the good old days and products.

**Pastula:** Right now, the biggest problem I see is the interest-rate environment that drives the insurance industry and its ability to offer viable benefits. Lower portfolio returns combined with higher claims incidence mean higher cost of products with lower benefits. This calls for a different approach. Linked benefit plans may help fill that void.

Many in the LTC insurance sales force tend to be overly passionate about what they are doing to the point that they do not listen to their prospects. They are more involved in "winning the argument" than in adding benefit to a client's portfolio that provides an extra margin of financial relief when LTC is required. To win, sales staff will need to become more knowledgeable about all the strategies available to help clients plan for the LTC event and help them with the approach that best suits their needs, not the wishes of the agent.

## Q: WHO HAS INFLUENCED YOUR CAREER IN LTC INSURANCE AND WHAT DID THEY IMPART (ON YOU) THAT YOU CAN SHARE WITH OTHERS TO ASSURE THEIR FUTURE SUCCESS?

**Pastula:** There is no one person, but I have had the opportunity to work with many financial advisors

who admit their lack of knowledge of LTC insurance and whom I have had the opportunity to educate as I would the most discerning prospect. These experiences have impressed upon me the need to show the clients value for their money. You must listen to the client, get good at understanding what he/she wants, and then offer your solution and perhaps your opinion for their consideration while still respecting their opinion. Know that the only time you will make the sale is when the customer sees that you are providing something of value.

**Riekse, Jr.:** My dad, who is celebrating 50 years in the insurance business, has far and away been my biggest influence. His smartest advice is, when weighing a decision or company direction, to lean contrary to the assumed general industry perspective! In addition, you have to feel really good about this business and what a difference it makes; if you can't do that you should do something else.

**Goldberg:** I have been extremely fortunate to work with most of the top carriers and their staffs of top actuaries, underwriters and marketing personnel. However, my biggest influences have been the producers I have had the privilege to work with through the years.

In my 21 years in the business, it has been in a constant state of flux. Whether it's a carrier changing policy design and rates or regulators changing the landscape of the marketplace, the only consistent thing has been the producer. Our producers have a mantra of "you are the solution," and I am not sure that even we realized how true this is when first conceived. Change is inevitable, but the one constant is the dedicated professional who is committed to staying on top of these changes and can communicate them to clients. The webinar approach in making the presentation of our products and service has proven to be a real game changer, and I see it emerging as the dominant method of how the product is offered to future applicants. It will create changes in how business is processed and issued. It's why we are proud of playing a major role in how to use technology and the Web to successfully build a practice. The same is true for lead generation and identifying future prospects. It's why the producer has been and will continue to have the biggest influence on me and on this marketplace. ■



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