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Multi-Life and True Group LTC:

A Tale of Two Law Firms

by Gail Steingold



“Group” Long-Term Care Insurance—a Variety of Approaches

Employer groups of 700 or more lives have choices on how to offer this benefit to their employees, ranging from a completely funded plan to a voluntary program or somewhere in between (usually with buy-up options for all or part of the premium on a pre-tax basis). The LTC specialist who has direct access or works in concert with non-specialist brokers to the large employer must be prepared to meet the challenge of recommending to the client which path to take: do you present the individual discounted platform offered today by many of the carriers or contact your area group LTC carrier representative? The producer needs to feel comfortable and gain an understanding of what products are out there and what makes sense for the client.

Needs Analysis

Every employee population is different. By performing a *needs analysis*, the LTC broker can better recommend a program that reflects the financial situations and lifestyles of the large group’s employees and eligible family members. As a result, the LTCI broker will be able to:

- Educate employees on available LTC options.
- Choose the best carrier and method of enrollment (individual discounted plans or certificates of insurance with a master policy).
- Design in concert with the chosen carrier a voluntary or sponsored plan with a variety of contribution and executive options.
- Discuss with the company’s or firm’s financial officer and tax advisors the most appropriate plan and funding methods.

Multi-life and Group Case Study: a Tale of Two Law Firms

Law firms are comprised of highly educated and compensated individuals as well as a host of support employees. In recent years, firms have grown through mergers and acquisitions with an expanding national and international presence. Over the past six years, I’ve had the opportunity to enroll two of the top ten law firms headquartered in Chicago, both with offices in other major metropolitan locations.

Tale 1: The multi-life discounted “experience”

In 2004, I had the privilege of enrolling a firm of 800 eligible partners, attorneys and staff. During a two-year period of due diligence and needs analysis, the firm chose to present a multi-life discounted program with modified underwriting requirements. The multi-life approach successfully met the wide range of financial profiles of the firm in terms of plan design. The firm did not opt for payroll or list billing; guaranteed issue was not a primary concern. There was a high amount of support from the top level and participation was estimated at 7.5 percent with over \$250,000 of annual premium.

A multi-life enrollment such as this not only required non-resident licensing, but also an understanding and ability to implement a comprehensive pre-enrollment education program. Also, it required time and the administrative costs for scheduling of one-on-one meetings with the prospective applicants, travel time and expenses, and marketing costs. Extensive time was spent in the enrollment process (approximately a five month period) with

up-front expense risks to this broker. The firm's benefit manager and team were supportive of office space and additional communication and administrative support.

When evaluating true group versus multi-life business, the broker must therefore address the above stated costs as well as the probability of a new plan series being introduced over time. Continuity between plans is a challenge when new employees inquire about coverage. Today, our major multi-life carriers continue to develop turnkey communication and enrollment to support larger group programs, but still present a time and cost risk to the broker in exchange for vested commissions and higher compensation. **In summary, the multi-life enrollment approach requires the ability of the broker (with support of the carrier, MGA and client) in:**

- Identifying the most successful means of communicating with the group.
- Distributing approved carrier communications such as: seminars, announcements and enrollment meetings, direct distribution pieces, newsletter articles, payroll stuffers, posters, e-mail and voicemail messages.
- Supporting enrollment after the specified open enrollment for new employees and "late comers."

Tale 2: The "true" group experience

A second opportunity and total voluntary true group enrollment was initially launched in 2000 with a group carrier. Total eligible lives were approximately 1,200. At the end of a six to ten-week enrollment program (including extensions), participation was estimated at 12 percent. Several years later, a prominent but smaller firm of 300-plus attorneys and staff was merged with this Chicago firm and also offered a voluntary GLTC insurance program with the same group carrier. In 2005, a re-enrollment was introduced using a different group carrier. True group insurance was again chosen by the firm as a result of the needs analysis performed by our brokerage with the client for the following reasons:

- Size of the firm and multi-state location of the partners and employees.
- Desire for guaranteed issue for all interested employees, attorneys and partners.
- Culture that supports electronic enrollment, Web site education and call center.
- Support of payroll deduction. The GLTC insurance benefit, while not funded as a core, was seen as an integral voluntary benefit program.

The True Group Experience: from the Sidelines into the Partner's Offices

One objection that the broker may face is a more limited range of plan designs and options in a group plan. Group carriers are receptive to adding additional plan designs if the designs have been filed already with respective states. In the original rollout of this firm in 2000, two additional plan designs were added despite a philosophy of group carriers to limit choices to create an easier application process for the employees.

The re-enrollment was a success since the placed premium tripled the original projections! Success was also due to the fact that I was able to meet one-on-one with the partners who typically did not attend the group enrollment meetings conducted on site at each law office. As the broker of record, I felt it necessary to be present at the group enrollment meetings. Fortunately, the client requested me to be present—they saw the wisdom in being present, too. The time spent in the enrollment meetings allowed me to meet one-on-one with the more highly compensated partners. I believe that my presence at the group meetings assured the staff and attorneys that there was a personal connection to the broker should future questions arise. Finally, because this program was transitioning between two group plans, it was essential that those employees and partners—who held the other coverage, had an individual with whom to consult about their coverage options.

Reasons for and Advantages of the True Group Product

- Size of the group.
- Training of the human resources and/or benefits team for future questions that may arise.
- Multiple office sites. If there is more than one office, the individual producer needs to consider the time and cost of traveling to these offices to implement a multi-life program versus working with a group carrier who will provide enrollers and Web site enrollment support.
- Group enrollment meetings conducted by trained LTC enrollment specialists.
- Customized Web site and toll-free customer service line.
- The carrier absorbed cost of the enrollment campaign.

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- The group carrier will be available and keep an enrollment call center going, even if it is an employee-pay-all benefit.

In working with a group carrier, the LTC insurance specialist can recommend some of the following approaches for added success with their client:

- **Group enrollers.** Provide guidelines ahead of time to the speaker/representative of the carrier as to the culture of the client in terms of modifying the presentation (e.g., refer to the group as “partners, attorneys and staff”).
- **Meet with the partners (or company executives) on an individual basis.** Group carriers will work with you on underwriting questions that may arise before an application is submitted for a family member (e.g., a spouse or parent) that may have some issues. This is similar to the multi-life approach.
- **Results tracking and analysis of applicants and plan designs chosen.** The LTC specialist

as the broker of record needs to stay involved and monitor the enrollment results as they come in. For example, at the end of this group re-enrollment, I noted a very small percentage of spouses who enrolled. Upon my suggestion, the carrier agreed to craft a letter and, at their cost, mail it to all employees to remind them of the coverage available to spouses.

Summary

A personal, customized approach can be added to a group enrollment with outstanding results. The responsibility and challenge for our industry, multi-life and group carriers, is to make it easier for both the broker and employer/client with their turnkey programs to communicate the LTC benefit as part of the company. Rather than bumping heads, learn from the tale of the two law firms. Success can be found in both “tales.” ✱

The Compliance Network

by Steve Serfass

The Compliance Networking Track leadership team, which was assembled over spring and summer of 2005, includes representatives from large and small LTC insurers. Our mission is to provide a forum for the exchange of ideas and information about compliance related issues. The track will also serve as a conduit for education, research and professional development for compliance professionals. One of our founding principles is that our membership will follow both the letter and spirit of antitrust laws, which prohibit any activities that might lessen or tend to lessen desirable competition among insurance companies.

Our current initiatives include: (1) recruiting writers and people with ideas and strong opinions to participate in drafting articles for the SOA LTCI section newsletter on compliance issues and possibly for other publications;

(2) developing our Web page so that it provides timely and useful information for compliance professionals as well as serving as a place where ideas can be exchanged easily; and (3) planning how best to otherwise serve the LTCI compliance community. If you have ideas in any of these areas, we would welcome your participation in the Compliance Track.

If you are interested in learning more about the Compliance Track, or if you would like to become a member, please check out our Web page (can link to through the SOA Web site) or contact Karen Smyth at karen.smyth@prudential.com or Steve Serfass at stephen.serfass@dbr.com. ✱

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