



WHO IS SELLING WHAT? TO WHOM, HOW AND WHY?

2020 Long-term care planning survey results

Executive summary

January 2021

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SURVEY PARTICIPANTS

Over 600 agents/advisors participated in the survey

32%

Of participants learned about our survey through their long-term care insurance brokerage general agent or distributor

32%

Of participants did so by responding to emails we sent to licensed life and health insurance agents

9%

Of respondents heard about our survey through professional organizations that helped promote the survey

27%

Of respondents learned of our survey through various other word-of-mouth methods

EXECUTIVE SUMMARY

Who is selling and what products are they selling?



Who is selling long-term care insurance solutions?

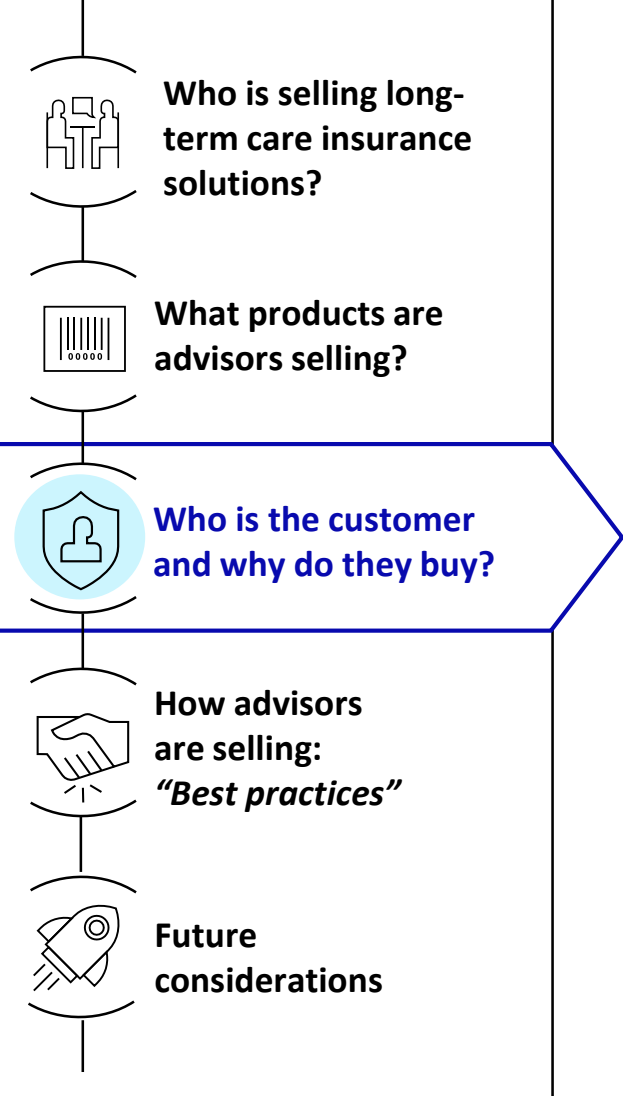
- 1** **Advisors tend to be older.** 85% of respondents were over the age of 50; 59% were over the age of 60
- 2** **Advisors have a wide variety of core businesses.** For 1/3 of respondents, long-term care planning was not one of their core businesses
- 3** **Advisors are focused on up-scale markets.** 75% of respondents focus efforts towards an up-scale market; there is room for penetration in the mid-market

What products are advisors selling?

- 1** **Advisors are selling both traditional and combo products.** Approximately half of respondents find traditional long-term care products best suited for their clients, while the other half finds life combo products as being the best suited choice
- 2** **85% are comfortable discussing all long-term care insurance product options with consumers, but knowledge varies by product.** Advisors are most knowledgeable with traditional products and least knowledgeable with chronic illness accelerated death benefit riders
- 3** **"Zero premium" products are not the key to sales success.** Only 33% of respondents find that "zero premium" products help them close more life insurance sales
- 4** **Advisors admit that long-term care solutions are difficult to explain.** 52% of respondents indicated difficulty with explaining the difference between various long-term care insurance planning choices in general; the difference between 101g and 7702b riders, methodologies for paying chronic illness claims, and differing terminologies and tax treatments are most challenging to explain to clients
- 5** **Recurrent premiums have increased market penetration.** 71% of respondents indicated that the availability of recurring premium life combo products has increased affordability for consumers

EXECUTIVE SUMMARY

Who is the customer and why do they buy?

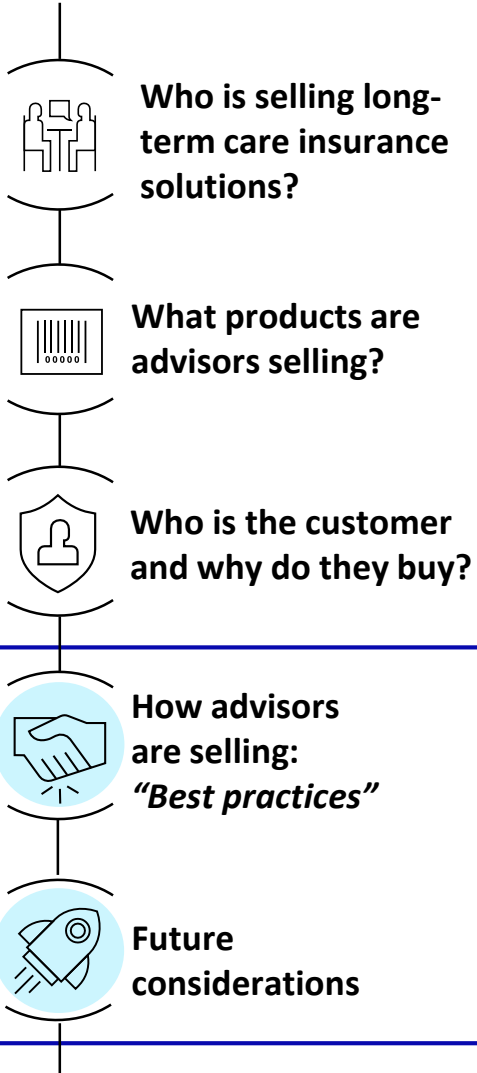


From the advisors' perspective, who is the customer and why do they buy?

- 1 **Consumers are motivated by personal experience.** 92% of consumers of long-term care insurance are motivated by personal experience
- 2 **Consumers do not want to be dependent on family.** Personal experience and desire to avoid dependence on family are the most common reasons consumers purchase long-term care insurance; concern around the cost of caregiving is another top reason consumers purchase long-term care insurance; desire to leave a legacy is of least importance
- 3 **Consumers are doing their homework but lean on advisors when making the final product choice.** 58% of respondents indicated that their long-term care planning prospect/client researched product choices prior to speaking with them; however, 97% of respondents indicated that consumers require the personal assistance of an advisor/agent to help them narrow product choices and make a final choice
- 4 **Consumers believe they should foot (at least some of) the cost.** Over 79% of consumers accept that they have at least partial personal responsibility for long-term care costs
- 5 **Consumer interest peaks when products have options, premium rate guarantees, and inflation protection.** Return of premium and non-forfeiture benefits are the product features with least impact on consumer interest

EXECUTIVE SUMMARY

How advisors are selling and future considerations



How advisors are selling: "Best practices"

- 1** **Advisors are proactive.** 81% of respondents are proactively engaging consumers in long-term care planning discussions; 71% are doing so because they believe long-term care planning is an important part of a financial plan
- 2** **Advisors use both targeted and holistic engagement approaches.** There is an equal balance between advisors engaging with a long-term care concern and those incorporating the discussion into the overall financial planning process
- 3** **Advisors look at personal situations when discussing long-term care risk.** Screening for health insurability, financial position and personal financial goals, and personal experience with long-term caregiving are the most common screening methods for discussing long-term care risk
- 4** **Advisors are including long-term care planning discussions in policy review conversations.** 79% of respondents have life insurance policy review conversations with existing clients that include adding policy benefits that would cover long-term care or chronic illness expenses
- 5** **Advisors believe in chronic illness and long-term care riders.** 85% of respondents believe adding a chronic illness or long-term care benefit rider is in the policyholder's best interest

Future considerations

- 1** **Technology could improve sales ease.** 31% of respondents indicated that technology solutions offered by life and long-term care insurance companies do not meet their expectations for making sales easier
- 2** **Outreach to the mid-market is expected to increase future sales.** 46% of respondents expect that expanded outreach to the mid-market will increase future long-term care sales growth
- 3** **There is appetite for both live and virtual product and sales training in the future**

THANK YOU

Staff from the following companies assisted in developing the survey questions and making financial advisors aware of the survey:

- Art Jetter & Company
- Borden Hamman
- Broker World Magazine
- Center for Long-Term Care Reform
- CPS Horizon Financial
- John Hancock
- Lincoln Financial Group
- LTCI Partners
- Long-Term Care Resources (“LTCR”)
- MasterCare America
- Mutual of Omaha
- National Alliance of Insurance Agencies, Inc
- National Association of Insurance and Financial Advisors (“NAIFA”)
- National Association of Independent Life Brokerage Agencies (“NAILBA”)
- NAILBA Perspectives Magazine
- National Brokerage Agencies
- National Long-Term Care Network
- Nationwide
- New York Life
- Northwestern Mutual
- Pacific Life
- Securian Financial
- The Brokerage
- The Marketing Alliance
- Transamerica

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