



RONALD R. HAGEMAN, JR.

CLTC, CSA, LTCP, has been a teacher, cattle rancher, agent, brokerage general agent, corporate consultant and home office executive. As a consultant he has created numerous individual and group insurance products.

A nationally recognized motivational speaker, Hagelman has served on the LIMRA and Society of Actuaries LTCI committees and is past president of the American Association for Long Term Care Insurance, as well as a master trainer for the LTCP professional designation. He is president of Republic Marketing Group and a principal in the agent sales training company Hagelman-Barrie Sales Training Solutions.

Hageman can be reached at Hagelman Consulting, 156 North Solms Road, New Braunfels, TX 78132. Telephone: 830-620-4066. Email: ronjr@satx.rr.com. Website: www.HBLTCL.com.

The Emperor Has No Clothes

There is a storm brewing off in the distance—I hear occasional thunder and anticipate rain. The source of the atmospheric disturbance is the increasing impatience to understand the cause of our clear lack of sufficient success. Yet we do continue to stagger forward, and blue skies are predicted off on the horizon.

A recent prediction from Claritas, a market analyst, suggested that “within the next five years, the number of U.S. households that own LTC insurance will increase from 16.5 percent to nearly 18 percent.”

In the meantime, the clouds are gathering. It seems everyone has an opinion about the source of the problem. At a recent CEO Forum the burden appeared to have been laid at the foot of distribution. As a former cattleman, my only comment is that this rationalization is what I tried not to step in as I navigated the feedlot.

Lack of sufficient education and training seems to be another popular theme, to which I have been a long-time subscriber. I have spent many hours designing and promoting sales training materials and have had the privilege of giving my share of agent seminar training. A basic understanding of the history of LTCI, Medicare, Medicaid, HIPAA, the NAIC model regulations as well as a thorough understanding of policy benefits remains an important component of successful sales. The inescapable fact remains that all other teaching and sometimes preaching is just not getting the job done.

The most common complaints have

appeared frequently in this column. The product is too complicated and/or too expensive, plus the claim is simply too far over the horizon. Let’s examine the source of these loudest concerns.

We have been adding riders and benefits for more than 15 years, both as a response to the market and the carriers’ constant quest to differentiate themselves from the competition. Over the last 24 months premiums have risen substantially across the board. The most popular benefits are also the most expensive to reserve: indemnity plans, compound cost of living adjustments and lifetime benefits.

Even though consumer awareness is growing, there remain far too many who cannot understand the value of the policy in front of them. They cannot accept the pennies for thousands relationship of LTCI premium to benefit. Procrastination and the illusion of self-insurance have become a national affliction we can no longer afford.

Group LTCI continues to remain the market that is just about to explode. We insist on believing this because it stands out as the only well-known road to middle class sales penetration. However, the truth is that small group sales for less than 500 lives is still only a twinkle in the eyes of creative marketers. I continue to believe it can and will succeed even though it’s much anticipated arrival is yet to come. While the industry is running more and more proposals, the final decision to buy LTCI remains like the proverbial red-headed stepchild that is consistently fed last.

Has the time come to fully and openly acknowledge that indeed the Emperor has no clothes and, frankly, may have been parading around in his birthday suit for some time?

Are we continuing to try to sell a product that was designed two decades back to be sold to seniors? Have we not added enhancements and optional combinations of benefit payouts ad nauseam? Are we not still selling

expensive co-insurance policies to those with money and intentionally ignoring the needs of the vast majority of potential buyers?

Could we simply be fearful of openly acknowledging the obvious? Is it time to go to the blackboard, wipe it clean and start over? Don't we need to take to heart what we have learned from those successful at helping to convince others to buy? Have we been add-

ing band-aids, baling wire and duct tape to hold together an outdated proposition?

Do we at last dare to say the words: *What we have been doing is just not working?* Could it be that our product and our sales approach could use a careful reality check? After all this time and effort, is it possible we are unwilling to recognize the naked truth standing before us? 🌐