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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 currently serves on the LIMRA and Society of Actuaries LTCI committees and is the vice president and education director for the American Association for Long Term Care Insurance, as well as a master trainer for the LTCP professional designation. He is a principal in the agent education company Long Term Care Sales Training Solutions.

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It Is All Coinsurance!

There are a couple of what I believe are important universal truths concerning the sale of long term care insurance. Unlike other forms of individual protection, the finite nature of a long term care risk is very difficult to define.

After a professional needs analysis, you can quantitatively define the nature and extent of a life or disability risk. Thus, addressing the potential size and dimension of a given exposure becomes possible. However, similar to other individual accident and health coverage, adequately protecting against the complete financial needs of a long term care event is much more difficult.

As a sales professional with a difficult sales assignment, you must begin with a clear understanding that: *All long term care insurance sales are coinsurance sales!* However, the critical and more important concept is that: *Coinsurance is better than no insurance!*

No matter how much coverage you have placed or how many policies you may have stacked, you cannot cover all the cost associated with a long term care event.

There are always incidental expenses; the complete cost of care giving cannot be viewed as a finite expense. It would be possible to fill this magazine with an almost endless list of expenses, which are not covered by a long term care insurance policy. There are expenses not covered for the insured and, perhaps more important, expenses not covered for the caregiver.

Once you accept this more realistic understanding of what you are selling, you can focus more easily on what *is* possible.

We are sharing risk—the insured's money and the insurance company's money. Obviously your job is to shift as much risk as possible to the insurance company. Every client and every sale now becomes the same. How much of the potential total expense can you convince insureds to protect, knowing they will be paying for a portion of the risk regardless of the degree of coverage?

All aging Americans have choices to make regarding who will pay and how much will be needed for long term care. We know long term care insurance protects hard earned assets and provides retirement security. The "raison d'etre" of long term care insurance is to shift as much of the burden as possible away from the individual or unreliable federal alternatives. Instead we substitute the predictability and certainty of an individually owned comprehensive long term care insurance policy.

The two most frequent complaints concerning our industry are: The policies are too complicated and too expensive. Long term care insurance policies do have a number of "moving parts" and the only real way to simplify is to turn to a disability model, which, unfortunately, aggravates the problem with cost.

The only way to reduce cost is to reduce benefits or commissions. I am going to go out on a limb here and speculate that you are not in favor of the latter.

Reducing benefits is another matter particularly when you place the sale in a coinsurance context. Partnership plans are coinsurance plans. Core-benefit plans in the group market are coinsurance plans. Reducing daily benefits and maintaining inflation protection is coinsurance. In fact all policy benefits are based on some degree of coinsurance.

The most popular 90-day elimination represents substantial coinsurance. Even if you sell the maximum daily benefit with indemnity and compound inflation protection, medical inflation has historically risen faster than policy benefits. We know that the average stay in a nursing home is less than three years. We know that nursing home populations do not rise significantly until after age 85.

The case is being made by a growing number of folks involved in the long term care insurance sales crusade that we simply have to reach more people. This is particularly true in the worksite. Some protection in the form of long term care insurance is not just a little better, it is much, much better. We must protect more Americans.

If we recognize going in that there is no perfect form of long term care insurance protection, then we can acknowledge that every sale—regardless of the size of the policy—is a fantastic victory for all concerned.