



RONALD R.
HAGELMAN,
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.

Anationally recognized motivational speaker, Hagelman has served on the LIMRA and Society of Actuaries LTCI committees and is the president of 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 sales training company Hagelman-Barrie Sales Training Solutions.

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

It's Only Money

Good intentions, whether public or private, do not solve problems. Money solves problems—ask the Red Cross.

With that thought in mind, perhaps we should attempt to revise our thinking when selling long term care insurance. The most common complaints inherent in our discipline are: The product is too complicated; the claim is too distant from the sale; the reality of the claim is perceived to always be about someone other than ourselves; and the product is too expensive anyway.

Maybe we need to cut through some of the extraneous issues and focus on just one. *It is just a piece of money, or a fund of indemnity dollars designed specifically to protect our retirement assets and income.* The truth is the worldwide industrialized post-WWII generation may represent the wealthiest generation of all time. In the end, these people will take action to protect a lifetime of savings and sacrifice. Unlike the prior generation that experienced a national depression and learned to look to the government for solutions, I believe the current baby boomer generation is much more self-sufficient and unwilling to rely on government subsidy.

In the early days of universal life sales, we all talked about “buckets” of money to help explain a product with a lot of moving parts. Now, in explaining the total potential benefit of a long term care insurance policy, we need to try harder to help our client visualize that “pool” of available dollars growing from the date of issue, through

the miracle of compound inflation, into a luxuriant reservoir. Maybe we should stop selling at this point.

For obvious health and premium reasons, the sale is best made around age 50; and statistically, there are no meaningful nursing home populations until the 80s. Everyone involved is counting on this being true—the customer, agent, underwriter, actuary, company and the reinsurer. If we worked harder at confining our sales argument to the clear-cut and easily illustrated dynamic of compound inflation protection, we might be more successful.

Our job is fairly straightforward: to protect against inflation demons and utilize insurance to leverage a future risk. Our answer has always been direct and simple: Transfer the risk to us. When compared to the cost of creating these same dollars yourself, the remaining decision becomes a lay down.

As I have indicated in earlier columns, it is impossible to cover 100 percent of the cost of a long term care claim regardless of how much benefit you have purchased. I am also one of those old-timers who believes our primary responsibility is to protect against catastrophic risk; therefore, I have always been a fan of lifetime benefit. I personally own a lifetime benefit. However, I have come to recognize—particularly in light of the recent industry claims analysis—that 3- to 5-year benefits are completely adequate for the great and vast majority of claims. And, frankly, that illustrated seven-figure

“pool” of money may have a greater impact on a potential buyer than the words “unlimited.”

Benefits in this range will consistently extrapolate that “pool” of money to a million dollars of protection at the time of claim. This is about as simple an explanation of LTCI benefits as I can imagine. All those peripheral feel-good benefits such as home

modification, bed reservations, respite care, etc., fall away to insignificance when a husband and wife are faced with the reality of millions of dollars of available protection when they need the money most.

Compound interest on a tax-privileged basis drives permanent life insurance and annuity sales. Every agent knows how to make that sale.

We need to continue to shift the sales argument from the intangible to the concrete. Sales are not about benefits—sales are made based on financial and emotional risk. This is true of individual and, perhaps even more importantly, group long term care insurance.

Maybe the product isn't really that complicated. Maybe it is only money after all! 🌍