

# Senior Insurance Training Services

Specializing in Annuity & Long-Term Care Insurance Continuing Education



(800) 460-7487

## See Inside:

- MetLife Partnership CE Certification & Product Rollout
- Don't forget the 8-Hr. Annuity CE Deadline
- New LTC/CTQ/PARTNERSHIP/ANNUITY 2004/2005 Class Schedule
- LTCI Industry Editorial
- NEW MetLife Partnership Employer Offering
- CA Legislative Update
- Receive a free copy of the "New" MetLife LTC IQ Test Findings from a National Survey held in October, 2004
- **Check out our "NEW" website [www.ltcce.com](http://www.ltcce.com)**

Issue 32

October 2004

**It's more than just CE...It's information you can use!**

## **Annuity Compliance – DON'T FORGET!**

California has new regulations regarding agent licensing continuing education (CE) requirements.

**Please be advised that by January 1, 2005, all licensed agents and producers who sell annuities in California must have satisfactorily completed eight hours of training prior to selling annuity products in the state.** This training consists of topics related to annuities, California law and regulations, and prohibited sales practices.

In addition, effective January 1, 2005, all licensed agents and producers who sell annuities in California will be required to satisfactorily complete four hours of training every two years prior to license renewal. This new requisite will be included as part of the current 30 hours of continuing education requirements.

**Penalties:** Failure of any licensee to meet the CE requirements will result in non-renewal of his/her license and the removal of the licensee's qualification to act as an insurance producer in the State of California.

**Question:** What if an agent does not take the eight hour course in 2004, can she/he just take the four hour course in 2005?

**Answer:** NO. First, the agent will be in violation of the statute and would have to satisfy the eight hour requirement. All new licensed agents in 2005 would also need to satisfy the eight hour requirement as well.

**Check out our website [www.ltcce.com](http://www.ltcce.com) or page 3 of this newsletter for additional information and class schedules**

## **California Partnership is now a PERMANENT State Program!**

As the Partnership celebrates its **10 year** anniversary (1994-2004) it can also begin to celebrate its change in status from a pilot project to a **permanent state program** with the Governor's signature on Senate Bill 1103 on August 16, 2004.

By being the only **State endorsed, Asset Protected, Rate Capped Product in the State**, the partnership hopes that with the help of their partner insurers and agents, to help thousands more Californians plan for and finance their future long-term care costs.

In the near future, MetLife will be offering Partnership LTCI products through an employer offering targeting small (50 employees) to mid-sized (up to 3,000 employees) California businesses.

*Continued on page 7*



# SITS and MetLife present California Partnership CE Certification And MetLife Partnership Product Information



MetLife is sponsoring six 8-hour CA Partnership/Continuing Education and Product Seminars conducted by Tom Orr, President of SITS, Cindy Eisenhower, Director of LTC Sales for MetLife, and CA Partnership staff at the following locations:

### Who Should Attend:

All contracted MetLife Enterprise Representatives and its affiliated brokers selling Long-Term Care Insurance or agents who want to become appointed with MetLife should attend this 1-day event. Come learn about the "New and Exclusive" partnership endorsed products.

### What You Will Hear:

- Overview of the NEW Met-Life Long-Term Care Insurance Products and sales support material
- Introduction to MetLife Mature Market Institute and its invaluable consumer support material
- Hear from the CA Partnership staff who will participate in the presentation

### What You Will Receive:

The "New" MetLife LTCIQ Test Findings from a National Survey, and

- A complimentary copy of the new "Picturing Every Step", an 8-minute point of sale DVD by the CA Partnership for Long-Term Care.
- The MetLife Mature Market Institute New CD highlighting consumer brochures, point of sales tools, industry studies, nursing home and RCF national cost surveys and more.
- 8-hours of Continuing Education Credit.

**When** (circle one):

**January 18, 2005**  
Walnut Creek, CA

**January 19, 2005**  
S. San Francisco, CA

**January 20, 2005**  
San Jose, CA

**January 24, 2005**  
Burbank, CA

**January 25, 2005**  
Irvine, CA

**January 26, 2005**  
San Diego, CA

- **\$75 per person pre-paid. 8:00am – 5:00pm. \*\*Seating is limited to the first 75 attendees\*\***
- **TO REGISTER:** 1) Complete the registration form below and fax to SITS at 707-939-9599 -or-  
2) Call SITS directly at 1-800-460-7487 to register -or-  
3) Register from the SITS website [www.ltcce.com](http://www.ltcce.com)
- **Make checks payable to SITS and mail to 670 W. Napa St., #M, Sonoma, CA 95476**

\*Agents who want to become appointed with MetLife contact Cindy Eisenhower at [ceisenhower@metlife.com](mailto:ceisenhower@metlife.com)

\*CA Partnership requires that all agents must attend an 8-hour partnership specific (classroom only) class to market and/or sell the CA Partnership products. Note-CA LTC 2004 (CTQ) 8-hour course is a required pre-requisite to the CA Partnership class

### **NO WALK-INS WILL BE ACCEPTED - MUST PRE-REGISTER AND PRE-PAY**

Name: \_\_\_\_\_

Daytime Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_ CA Insurance License #: \_\_\_\_\_

**Billing address on credit card:** \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Payment Type:  Check  Visa  MasterCard  Discover  Amex

Credit Card #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_

Signature: \_\_\_\_\_

## **DON'T FORGET!!**

### **Get Certified for - CA SB620 8-hour Annuity 2004**

Senior Insurance Training Services (SITS) offers the CA SB620 8-hour Annuity 2004 Continuing Education course in 3 formats:

1. **Online Course** – ([www.ltcce.com](http://www.ltcce.com)) SITS CA SB620 8-Hour Annuity 2004 - Course #152622
2. **Correspondence Course** – SITS CA SB620 8-Hour Annuity 2004 Course #152622
3. **Classroom Seminar** – SITS CA SB620 8-Hour Annuity 2004 Course #152621

**Ordering online is available for all 3 options, is easy and completely secure. All courses may be ordered or registered for from our website [www.ltcce.com](http://www.ltcce.com) or call SITS at 1-800-460-7487 to speak to a live person.**

**Our online web course** is the least expensive and is easy to use. Upon registration, the course material may be viewed through the website or may be downloaded in Adobe Acrobat format. Testing may be done within 12-months from the date of purchase. Once you pass the online test you will automatically receive your Certificate of Completion and we will submit your CE hours to the State. **Cost: \$25 each.**

**Our Correspondence Course** will be mailed to you (printed manual) with instructions, a printed exam and self-addressed envelope. When you complete your exam, simply return it to us and we will grade it and if you pass, will mail your Certificate of Completion and submit your CE hours to the State.

**Cost: \$45 each.**

With either version, (online or correspondence) SITS will allow customers to re-take a second exam at no additional cost. Should they fail the first exam.

**Our seminars**, listed below, are from 8:30am - 4:30pm. There is no test involved, simply attend the entire class and receive your Certificate of Completion and we will submit your CE hours to the State. **Cost: \$75 each (effective November 2004 – February 2005).**

## **Annuity Seminar Calendar 2004-2005**

### **SITS-CA SB620 8-HOUR ANNUITY 2004 CLASS - COURSE # 152621**



	<b>NOVEMBER</b>		<b>DECEMBER</b>		<b>JANUARY</b>		<b>FEBRUARY</b>
3	Sacramento	1	Woodland Hills	5	San Francisco	1	San Francisco
4	Costa Mesa	2	Concord	11	San Diego	3	San Diego
4	San Jose	2	Pasadena	11	San Jose	8	San Jose
5	Pasadena	2	San Jose	13	Woodland Hills	9	Costa Mesa
5	Woodland Hills	3	Costa Mesa	20	Pasadena	9	Pasadena
9	Torrance	7	Sacramento	21	Costa Mesa	11	Woodland Hills
10	Oxnard	7	San Diego	26	Sacramento	17	Concord
11	Fresno	8	Modesto	27	Concord	24	Sacramento
12	San Bernardino	8	Torrance				
16	Concord	9	Oxnard				
16	San Diego	10	Fresno				
17	Sacramento	14	Concord				
18	Costa Mesa	14	Ontario				
18	San Francisco	16	Costa Mesa				
18	San Jose	16	San Francisco				
19	San Mateo	17	Novato				
23	Novato	21	Sacramento				
		21	San Jose				

# Long-Term Care & CA Partnership Seminar Calendar 2004



## CALIFORNIA LONG-TERM CARE (CTQ-CALIFORNIA TAX-QUALIFIED) - COURSE #149298

	November		December		January		February
2	Sacramento	1	Sacramento	4	Costa Mesa	2	Concord
3	Costa Mesa	7	Costa Mesa	5	Concord	3	Costa Mesa
9	Fresno	7	Novato	6	Pasadena	8	San Francisco
9	San Francisco	7	San Jose	10	Sacramento	9	Fresno
11	San Jose	8	San Francisco	12	Novato	15	Ontario
11	Woodland Hills	8	Woodland Hills	18	San Francisco	15	San Jose
12	Pasadena	14	Concord	19	Fresno	16	Sacramento
16	Novato	14	Torrance	19	Torrance	16	Woodland Hills
19	Concord	15	Fresno	19	Woodland Hills	17	Novato
				25	San Jose	23	Torrance



## CALIFORNIA PARTNERSHIP FOR LONG-TERM CARE - COURSE #85943

	November		December		January		February
5	Costa Mesa	3	Sacramento	6	Costa Mesa	4	Concord
11	San Francisco	9	San Jose	7	Concord	10	Costa Mesa
16	San Jose	10	Costa Mesa	13	Pasadena	10	San Francisco
16	Pasadena	15	Woodland Hills	14	Novato	11	Fresno
17	Woodland Hills	16	Concord	20	San Francisco	17	Ontario
18	Fresno	17	Fresno	21	Fresno	17	San Jose
22	Novato	21	Novato	26	Woodland Hills	23	Woodland Hills
23	Sacramento	21	Torrance	27	San Jose	24	Sacramento
30	Concord	22	San Francisco	27	Torrance	25	Novato
				28	Sacramento	25	Torrance

Each student who attends a SITS CA Partnership class will receive a free copy of the "New" MetLife LTC IQ Test Findings from a national survey held in October 2004.

**Minimum of 10 paid enrollees are required to hold a class**

**All classes 8:30am to 4:30pm**

**LTC & Partnership classes cost \$85 each, or \$150 for both**

**LTC Correspondence home study course is \$60**

**8-hours of CE Credit each for LTC & Partnership Courses**

# Senior Insurance Training Services Registration Form

<u><b>SITS CA LTC/CTQ Insurance For The Advanced -LTC 2004</b></u> <b>Course #149298 - New Course # as of April 12, 2004</b> <b>8-hours of CE Credit / 8-hours of CFP Credit    8:30am – 4:30pm</b> <b>\$85 pre-paid/pre-registered, or \$100 at the door</b>	<b>ATTEND ANY TWO SEMINARS AND RECEIVE \$20 OFF</b> (does not include LTC or Annuity Correspondence).
<u><b>SITS CA LTC/CTQ Insurance for the Advanced LTC 2004</b></u> <b>Correspondence/Home Study-Course #149299</b> <b>New Course # as of April 12, 2004</b> <b>8-hours of CE Credit / 6-hours of CFP Credit    \$60 each</b>	<b>REGISTER ONLINE FOR ANNUITY SEMINAR #152621 AND RECEIVE \$5 OFF</b>
<u><b>SITS CA Partnership TQ Seminar #85943</b></u> <b>New course/new course # pending-updated and filed as of 12/03</b> <b>8-hours of CE Credit / 7-hours of CFP Credit    8:30am – 4:30pm</b> <b>\$85 pre-paid/pre-registered, or \$100 at the door</b>	<b>REGISTER ONLINE AT WWW.LTCCE.COM</b> <b>OR</b> <b>CALL US AT (800) 460-7487</b> <b>OR</b> <b>FAX YOUR REGISTRATION FORM TO (707) 939-9599</b>
<u><b>SITS CA SB620 8-hour Annuity 2004 Class - Course #152621</b></u> <b>8-hours of CE Credit    8:30am - 4:30pm</b> <b>\$75</b>	
<u><b>SITS CA SB620 8-hour Annuity 2004 Correspondence - Course #152622</b></u> <b>8-hours of CE Credit    \$45</b>	

**Minimum of 10 paid enrollees are required in order to hold a class.**

NAME: \_\_\_\_\_ DAYTIME PHONE: \_\_\_\_\_

**BILLING ADDRESS ON CREDIT-CARD** \_\_\_\_\_

ADDRESS: \_\_\_\_\_ FAX: \_\_\_\_\_

CITY / STATE / ZIP: \_\_\_\_\_

EMAIL: \_\_\_\_\_

INSURANCE LICENSE #: \_\_\_\_\_ EXP DATE: \_\_\_\_\_

COURSE :     Partnership Seminar     LTC Seminar     Annuity Seminar  
                    LTC Correspondence     Annuity Correspondence

DATE & LOCATION: \_\_\_\_\_

Payment Type:     MASTERCARD     DISCOVER     VISA     AMEX     CHECK

Credit Card #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**72-HOUR CANCELLATION NOTICE REQUIRED FOR REFUND**

# A Billion Here, a Billion There

by Martin McBirney

Roughly 50 years ago, the late U.S. Senator Everett Dirksen commented on the rise in government spending and unwittingly issued the quote by which he is best remembered, “A billion here, a billion there, and pretty soon you’re talking about real money.” So it has become with the LTCI industry following the departure of Aegon from the individual market. Adding in this company’s contribution of some \$500 million brings the total amount of “abandoned” in-force premium to roughly \$2.2 billion, nearly one third of the industry’s entire premium base. Further, this also brings to nine the number of top carriers that have exited the market since 2000, exactly one half of the 18 that wrote more than \$10 million of premium in that year.

Over the past two years we have argued in this publication for a change in the way the industry approaches the LTCI risk, noting the potential for greater profits and greater value that can be had by moving away from today’s purely reactive model. Given the evidence, it is difficult to argue that the continuing industry fallout argues *against* this belief. At a minimum, those who still believe that there’s absolutely nothing wrong with today’s product model will soon require a rather vivid imagination to explain the continuing series of company departures. Yet, for all that, it is not the insurers that concern us here. With regard to the issue at hand, we cast an eye to the regulators and the challenge they will face in the years to come.

Market presence and the distinct shortage of distribution have historically provided an offset to the implementation of rate increases. That is, companies have not instituted such increases, when they might otherwise have done so, due to agent pressure and the desire to increase sales. An example of this arose two years ago when UNUM announced an intention to increase rates on certain older blocks. Large producers howled and the company backed off, seeking other solutions to profitability problems. When this countervailing influence is gone, the door opens and there is no reason not to increase rates until profitability (or, at least, solvency) is achieved.

In the September 2003 issue of Crain’s Investment News, reporter Rick Miller quoted Consecos spokesperson Ellen Hostetler following Consecos’ exit from the market. She admitted flatly that the company was “planning to increase premiums on many of the existing policies in order to reduce the losses associated with long-term-care insurance.” Later in the same article, Mr. Miller quotes Thrivent Vice President Dave Christopher, who admits that after 15 years in the business, Thrivent was leaving because of profitability problems. It’s not clear whether Thrivent will choose to raise premiums, due to the strong affinity base associated with their business. In the absence of this, it’s highly likely they would do just as Consecos plans.

Other exiting players, like CNA, which have had a history of raising rates, will no doubt continue to do so, and perhaps to a greater degree than they have in the past. The net consequence to the \$2.2 billion premium that these departed carriers represent looks destined to become an issue within the industry and one that regulators will have to face sooner or later. It is our opinion that better results will ensue if the “sooner” is chosen over the “later.” Otherwise, the industry will be facing yet one more hurdle in its attempt to achieve acceptability and respectability.

As we have argued elsewhere, it is our opinion that one way to help deal with this issue would be to introduce risk management opportunities at the policyholder level, thus stabilizing the blocks and lowering the potential for rate increases. For example, policyholders could be given the resources to self screen for certain chronic diseases in exchange for full or partial protection from future rate increases. Just as with new policies, this would have the effect of stabilizing such blocks. Admittedly, there would be an issue with regard to the separation of risk pools (into those who elected to self screen and those who did not), but it could be dealt with through partial cross subsidization.

Interestingly, some exited companies are considering such an approach as a way to mitigate the future losses they anticipate in their closed blocks. In part, this is the result of experience with rate increases and the discovery that the windfall profits expected from “shock lapses” have not emerged. This, in turn, has led to the realization that further rate increase will be required. Faced with such a scenario, and the negative publicity that will no doubt ensue (“Insurance company prices elderly widow out of coverage after fifteen years of paying into plan”, and such), they have become interested in other approaches.

It is encouraging to see such interest, in that it shows a willingness to conduct business differently than has been done to date. Let’s hope that insurers and regulators can come together on such an approach and thus avoid the damaging headlines that none of us want.

# MetLife Partnership Employer Offering

The goal of MetLife Partnership Employer Offering is to encourage the purchase of Partnership certified policies by the 7.8 million employers/retirees and their families in this target market.

This offering will enable employees to purchase, on a discounted basis, a Partnership certified policy, with coverage equal to the amount of assets they wish to protect, that prevents or delays their dependence on Medi-Cal.

This offering also allows an employer the opportunity to provide a perk at little or no cost to the employee (at their option) and receive a tax deduction if employer paid (if the company qualifies). This added benefit also helps to demonstrate to their employees that they are responsive to their workers needs.

## MetLife Training

Training will be provided to MetLife authorized agents. This training will include:

- Product training
- Multi-Life Program Process
- Product sale to the employer.

## See page 2 for dates/locations for this training

The following is a summary of MetLife's presentation, by Lucia Bryson, at the Partnership Agent Training Seminar in May 2004.

## Employer Multi-Life Discount Programs

- Employer Paid - Modified Underwriting (5% Discount)
- Employer Paid - Simplified Underwriting (10% Discount)
- Voluntary Paid - Modified Underwriting (5% Discount)
- Voluntary Paid - Simplified Underwriting (5% Discount)

The Discount Program must be selected during the case review process. An employer can have two discount programs established; i.e., Employer Paid (executive carve-out) and Voluntary. There may be ERISA implications

depending on how LTCI policies are made available to the employees. Employers should consult their own tax and legal advisors for further information on potential ERISA implications.

## Eligibility for Discount Program

Individuals eligible for the Discount Program include employees and retirees, as well as their spouses, adult children age 18 and over, parents and parents-in-law (including step), and grandparents and grandparents-in-law. Age of eligibility ranges from 18 to 84. W-2 employees and employees who work 30 hours or more per week, qualify for simplified underwriting.

**Modified Underwriting** is available to all eligible participants. The minimum to consider for modified underwriting is 50 employees (voluntary) and 10 employees (employer paid). Requirements to continue the program for new hires is 10 insured lives within 12 months of approval date of a discount program (all eligible employees and family members count). Underwriting requirements include: APS ages 66-84, PHI ages 66-74, and face-to-face nurse interview age 75+. Medical questions are similar to those for an individual sale. A Preferred Health discount is available, and a Multi-Life application with "modified questions" is required.

**Simplified Underwriting** is available to employees age 65 and younger actively at work, and spouses 65 and younger, if the premium is paid by the employer.

The minimum to establish a program is 10 employees (or a combination of 10 employees & spouses, if employer paid). The participation requirement is 10 insured lives (including family members). The participation timeline is 90 days from the approval date of the discount program. If 10 insured lives is not met in 90 days, participants must use modified underwriting. Maximum benefits are a 5 year benefit period and a \$200 DBA (all other benefits are available). Five insurability questions will be asked, and no APS, PHI or face-to-face is required. Standard rates apply and no preferred discounts are available.

Employees over age 65 and/or applying for higher benefits, in addition to all family members, must complete "modified questions" on Multi-Life applications; and modified underwriting will be applicable.

## Multi-Life Discounts

The discount is 5% to employees and eligible family members for the life of the policy. Applicants may qualify for preferred (modified underwriting only) and marital/spousal discounts. Employers may select modified or simplified underwriting. There is a 10% discount to employees and eligible family members if employer paid (partially or fully) and simplified underwriting is selected. Applicants can qualify for marital/spousal Discounts only. No preferred discount is available.

## Available LTCI Discounts

- Spousal - 30% when two spouses apply and are approved for coverage.
- Marital - 15% when only one spouse applies or both apply, but only one receives coverage.
- Preferred Health - 10% for applicants who meet specific underwriting criteria and are not part of a Simplified Underwriting Multi-Life Program.

## MetLife Partnership Policies

- Two plans with an array of coverage options and features - Ideal Policy and Nursing Facility and Residential Care Facility Only Policy
- Tax Qualified under HIPAA
- Optional riders to enhance benefits and optimize the value of each policy
- Flexible payment options to suit every budget
- A Multi-Life discount program available to employees of small businesses and their families

If you want more information just simply attend the partnership CE Certification provided by Senior Insurance Training and product information provided by MetLife in January 2005.

**See page 2 for schedule of classes.**

## CALIFORNIA LEGISLATIVE UPDATE

AB 2937 - Introduced by Joe Nation in February 2004. Would require Department of Health Services to collect against the estate of any decedent who purchased an annuity for the purpose of qualifying for Medi-Cal long-term care benefits, within 60 months of applying for such benefits.

AB 2044 - Introduced by Bonnie Garcia in February 2004. Declares intent of Legislature to enact a law to authorize credit for the amount paid or incurred by taxpayer for LTC or LTCI for any family member of the taxpayer.

AB 2102 - Introduced by the Assembly Budget Committee in February 2004. Would place additional restraints on the ability of individuals to transfer assets to qualify for Medi-Cal. Targets annuities, claims for third party liability, and trusts exempt under federal Medicaid law.



## Senior Insurance Training Services

670 W. Napa Street, Suite M

Sonoma, CA 95476

www.LTCCE.com

800-460-7487

707-939-9599 fax

PRSRT STD  
U.S. Postage  
PAID  
Santa Rosa, CA  
Permit No. 470

### INSIDE THIS ISSUE:

- Don't forget the 8-Hr. Annuity CE Deadline
- CA Partnership is now a **Permanent** State Program!
- MetLife Partnership CE Certification & Product Rollout
- A Billion Here, A Billion There
- Legislative Update

## HOST YOUR OWN PRIVATE LTC/PARTNERSHIP/ANNUITY CE SEMINAR

Tom Orr, President of Senior Insurance Training Services, will conduct a one-day 8-hour LTC/CTQ For the Advanced 2004 and/or CA Partnership for Long-Term Care for your group. Tom has 17+ years of LTC Insurance home office, agent training and field selling experience. His extensive in-depth knowledge will empower and motivate your group to expand their opportunities in the LTC insurance Field.

In addition to LTC Insurance, SITS will make available Pieter Boissevain, author of The California Annuities 8-hour Continuing Education Requirement. Pieter was involved with Tom Orr on the Department of Insurance Subcommittee regarding the development of the 8-hour training requirements. Pieter will provide your agents with the in-depth overview of the issues surrounding the implementation of this controversial law and to help your producers avoid E&O Liabilities.

Group discounts are available as well as customized programs focused on your specific products. Minimum class sizes are required. Call 1-800-460-7487 to reserve a date, to increase their LTC Insurance and/or annuity sales results and satisfy their **LTC/CTQ CE, CA Partnership and/or Annuity CE requirements.**