

# Senior Insurance Training Services

Long-Term Care Insurance Success!



## Continuing Education & Sales Training

### All Along the Watchtower—Part II

(800) 460-7487

#### Introduction

In our last newsletter, we portrayed long term care insurance (LTCI) as a purely reactive form whose premiums are unnecessarily high due to the payment of benefits in cases where early, low cost intervention could dramatically reduce the need for care. We also discussed how demographic forces and changes in medical technology could well put this model at risk. Later we commented on innovative developments in the treatment of the chronic conditions covered by LTCI and offered an example relative to the most prominent of these conditions, Alzheimer's Disease.

The article ended by noting a small company that has developed simple prevention, detection and treatment protocols capable of delaying the effects of Alzheimer's by 3 to 6 years, without extending life expectancy. The result of these protocols is dramatically reduced costs and an improved quality of life.

In the intervening two months since that publication, two interesting developments have taken place that, in our opinion, support our point of view. The first concerns developments at the California Department of Insurance that, if they continue, will make improvements in traditional LTCI products even more difficult to achieve than they are today. The second relates to a response to today's market conditions that offers consumers an alternative to these products.

*continued on page 2*

#### In 2002

### Host Your Own Private CE/Sales Workshop and receive free copies of the New 2002 California Rate & Consumer Guides

Tom Orr, President of Senior Insurance Training Services, will conduct a one-day 8-hour LTC Sales Workshop, LTC/CTQ or California Partnership seminar for your group. With 15+ years of LTC Insurance home office, agent training and field selling experience, Tom's in-depth knowledge will empower your group to expand their opportunities in the LTC Insurance field.

Group discounts are available as well as customized programs focused on your specific products. Minimum class sizes are required. Call today to reserve a date for your agency to increase their LTC Insurance results and satisfy their LTC CE requirements.

#### **See Inside:**

- New Innovations in LTC on the Horizon Part 2
- 2002 Tax Deductions & Medicare/Medi-Cal updates
- New 2002 Winter/Spring Schedule
- LTC/CE Requirements in Review
- LTCI Designation Schedule for CA

Issue 23

March 2002

# All Along the Watchtower—Part II

*continued*

## **A Department in Confusion**

California has always been a difficult state for insurers; policy approval times of up to a year are not atypical. Yet, most insurers are willing to endure the tortuous process simply because this one state represents 12% of the national market. Hostile elements within the department know this and so are not hesitant to make the process ever more agonizing. Several recent developments would indicate that this situation will worsen in the year to come.

Late last year Commissioner Harry Lowe announced that he would not seek reelection, making him a lame duck for nearly a year. Subsequently, the infamous John Garimendi announced his intent to run for the position a second time. He will be contested in the Democratic primary by Assemblyman Thomas Calderon. The next commissioner will no doubt be one or the other, as the Republican candidate, whomever he or she may be, will have virtually no chance in the November election.

The effect on the Department has been to create a void of leadership, leaving more zealous elements to run roughshod over LTCI insurers. Without leadership or accountability, some members in the Department have simply taken it upon themselves to liberally interpret Insurance Code requirements in ways that hinder insurers to the highest degree possible. Evidence of this rests in the recent attempts of one highly reputable company to achieve product approval. After responding to seven objection letters over a period of sixteen months, supplemented with meetings, phone calls and help by local counsel, they have contemplated giving up and withdrawing their filing.

Add to this the renewed confusion over the sunseting of non-tax qualified requirements due to the extension of the 870 refiling deadline, yet another round of industry-wide refilings due this year in order to meet the rate stability requirements of Senate Bill 898 and the giddy zeal of consumer advocates relishing the possible return of Garimendi, and the prospects don't look pretty. Disruption and confusion could easily characterize the market for the remainder of the year.

## **The 7% Solution**

Meanwhile, totally independent of these events, the company we mentioned in our last issue is close to introducing a product that provides an alternative to LTCI. At about 7% of the lifetime cost of LTCI, they will be offering a disease prevention, detection and management program that dramatically reduces the risk of extended care requirements for Alzheimer's and related senile dementia (ADRD).

For a single payment of under a thousand dollars, this company (we are not at liberty to name the company as they are still in contract development) holds the promise of mitigating the care requirements for conditions that make up more than half of the total LTCI claim liability. Using a series of individually tailored protocols grounded in annual screening and proactive disease management, they are able to compress the effects of these conditions right out to the end of life, and thus dramatically reduce their effect and the associated risk of financial loss.

Whether or not the company is successful in marketing this program remains to be seen. However, two things do seem certain:

1. Disease management in the area of ADRD will be a part of America's future health care landscape. A declining labor supply faced against an aging population cannot endure the way this disease sector is dealt with today.
2. If this program, or some other like it, proves successful, LTCI insurers will have to respond. A demonstrated ability to lower costs (and therefore premiums) and improve individual outcomes cannot be ignored forever.

We will keep you informed as developments warrant.

## INFORMATION YOU CAN USE!

The “eligible long-term care premiums” for the year 2002 for S-Corporations, Limited Liability Partnerships, Sole Proprietors, Family Limited Partnerships, and Individuals are shown in the table below. Please remember: C-Corporations (including some Professional Corporations) are NOT limited by these caps.

Attained Age Before Close of Tax Year	Tax Yr. ending in 2002	Tax Year ending in 2001
40 or less	\$240	\$230
41 but not yet 51	\$450	\$430
51 but not yet 61	\$900	\$860
61 but not yet 71	\$2,390	\$2,290
71 or older	\$2,990	\$2,860

Under current law, S-Corporations can deduct premium for employees (and their tax dependents), however people who are 2%+ owners will incur taxable income for the premium less 70% of this cap\* in 2002, and 100% for 2003 and thereafter.

*\* or the factor applied directly to the premium if the premium is lower than the cap*

Proposals exist (HR 831 and 5627 to drop the 7.5% AGI threshold for individuals). If such legislation passes, it will apply for existing as well as future policies.

In addition, Rev. Proc. 2001-13 provides that the stated dollar amount of the per diem limitation under section 7702B(d)(4) has increased from \$200 to \$210 for 2002.

### CURRENT CURRENT CURRENT CURRENT 2002 TAX IMPLICATIONS FOR THE SELF-EMPLOYED

The percentage of premium for qualified LTC insurance that may be deducted by Self-Employed without regard to the 7.5% AGI adjustment.

Beginning in Calendar year	The Applicable %
✓ 1999-2001	60%
✓ 2002	70%
✓ 2003 and thereafter	100%

### NEW! MEDI-CAL UPDATE 2002

#### Spousal impoverishment caps:

- ✓ The spouse at home will be able to keep \$89,280 in assets and \$2,232 in income.
- ✓ The institutionalized spouse can keep \$2000 in assets and \$35 per month for personal needs.

#### NEW MEDICARE CO-PAY

- ✓ Day 1-20 100%
- ✓ Day 21-100 \$101.50 a day “2002”

## Coming in March 2002...All New LTC/CTQ 8 hr CE Course & California Partnership CPR/8 hr CE Course.

Tom Orr of Senior Insurance Training Services continues to update the most extensive curriculum on California LTC and its insurance. The 2002 version will include SB898 update and its implications. A state wide survey of LTC codes by region for home care, adult day care, RCF’s and nursing homes. Current CalPers offering, AARP section and the new Federal Plan section for LTC. The most complete tax section available in the state.

The Partnership Course will be completely revised to incorporate more agent interaction and learning tools, as well as, the most current charts and numbers available.

# Seminar Calendar 2002



## CALIFORNIA LONG-TERM CARE (CTQ-CALIFORNIA TAX-QUALIFIED) - COURSE #83363

	March 02		April 02		May 02		June 02
1	San Diego	2	Torrance	1	San Diego	4	Pasadena
6	Woodland Hills	3	San Rafael	1	Fresno	5	San Rafael
6	Fresno	9	San Mateo	2	San Francisco	5	Woodland Hills
7	San Bernardino	10	Ontario	7	San Bernardino	11	Ontario
7	San Francisco	16	Costa Mesa	8	Santa Barbara	14	Walnut Creek
14	Walnut Creek	16	Walnut Creek	10	Sacramento	18	Torrance
15	Sacramento	17	Woodland Hills	14	Costa Mesa	19	Sacramento
20	Santa Barbara	19	Sacramento	17	San Jose	25	Costa Mesa
21	Costa Mesa	23	Pasadena	22	Woodland Hills	26	San Mateo
26	San Jose	26	San Jose	30	Walnut Creek		

All Long-Term Care class attendees will receive a free "California Department of Insurance Long-Term Care Insurance Company Rate & History Guide - 2001"



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

	March 02		April 02		May 02		June 02
5	San Diego	4	Torrance	7	San Francisco	6	Pasadena
8	Fresno	5	San Rafael	8	Fresno	7	San Rafael
12	San Bernardino	11	San Mateo	9	San Bernardino	12	Woodland Hills
13	Woodland Hills	12	Ontario	15	Sacramento	13	Ontario
19	San Francisco	18	Costa Mesa	15	Santa Barbara	20	Walnut Creek
20	Sacramento	18	Walnut Creek	21	Costa Mesa	20	Torrance
22	Walnut Creek	24	Woodland Hills	21	San Jose	21	Sacramento
27	Santa Barbara	24	Sacramento	29	Woodland Hills	27	Costa Mesa
28	Costa Mesa	25	Pasadena	30	San Diego	28	San Mateo
29	San Jose	30	San Jose	31	Walnut Creek		

All Partnership Class attendees will receive a free "California Department of Insurance Consumer Guide - 2001"

Minimum of 10 paid enrollees are required to hold a class

All courses 8:30am - 4:30pm

Long-Term Care & Partnership courses cost \$85 each, sign-up for both and save \$20!

Long-Term Care Correspondence cost is \$58.75

8 Hours of CE credit per course

### MORE THAN JUST CE. IT'S INFORMATION YOU CAN USE.

# Senior Insurance Training Services Registration Form Seminar Descriptions & Fees



## California LTC/CTQ Seminar

(new course # 83363 as of 7/7/00)

8:30 AM - 4:30 PM      **8** hours of CE credit

\$85 per seminar - \$100 at door

CFP Approved for 8 hrs.

## California LTC/CTQ

### CORRESPONDENCE

(new course # 83364 as of 7/7/00)

**8** hours of CE credit

\$58.75

CFP Approved 6 hrs.

## California CPR/TQ

(new course # 85943 as of 10/6/00)

8:30 AM - 4:30 PM      **8** hours of CE credit

\$85 per seminar - \$100 at door

CFP Approved for 7 hrs.



\$20 discount when reserving attendance & paying for both LTC and CPR seminars. (Does not include correspondence.)

### 4 Ways to Register for Seminars:

- ◆ **CALL** (800) 460-7487
- ◆ **FAX** (707) 939-9599
- ◆ **Website** www.ltcce.com
- ◆ **MAIL** with Payment Information.

**VISIT OUR WEBSITE  
WWW.LTCCE.COM  
TO REGISTER, VIEW OUR  
SEMINAR CALENDAR AND  
GET LTC INFORMATION**

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

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

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

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

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

SSN: \_\_\_\_\_ LICENSE: \_\_\_\_\_ EXP DATE: \_\_\_\_\_

COURSE (circle one):      LTC CORRESPONDENCE      8HR LTC SEMINAR      8HR PARTNERSHIP SEMINAR

DATE / LOCATION: \_\_\_\_\_ Payment Type: CHECK VISA M/C DISCOVER  
American Express Not Accepted

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

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

**72-HOUR CANCELLATION NOTICE REQUIRED FOR REFUND  
NON-CANCELLATION IS FORFEITURE OF TUITION**

# Are You Current on Your LTC/Partnership CE Requirements?

Since the recertification requirement of 1998 in which any agent licensed to sell LTC Insurance in 1997 and prior, all had to be “recertified” by July 1 of 1998. Since then, we continue to receive many questions concerning agent training requirements for Long-Term Care Insurance (CTQ) and the California Partnership for LTC (CPR).

The California Partnership for LTC-8hr CE course is a classroom only requirement. Agents wanting to take the Cal Partnership (CPR) course must complete the CA LTC (CTQ) course first in order to be eligible to attend/sign-up for the Partnership.

“Now that I’ve completed the initial eight (8) hours of training and I am selling policies, what’s next?”

“I’ve already taken the required eight (8) hours of Partnership training, isn’t that all I need?”

Agents must comply on an ongoing basis in order to maintain their ability to solicit long term care insurance.

Below is an illustration of the LTC/Partnership C.E. requirements through the year 2000.

## Agent Reminder

The following table presents both California Department of Insurance and California Partnership continuing education requirements for subsequent years. The table is broken up by licensure period: agents licensed after 1/1/01 and agents before 1/1/99. All of these hours will count toward the California Department of Insurance’s overall continuing education requirements.

REQUIREMENTS	Agents Licensed after 1/1/01 (Junior Agents)			
	1 ('02)	2 ('03)	3 ('04)	4 ('05)
Partnership	8 hrs	4 hrs	4 hrs	4 hrs
Long-Term Care	<b>8 hrs</b>	<b>8 hrs</b>	<b>8 hrs</b>	<b>8 hrs</b>
<b>TOTAL</b>	<b>28 hrs</b>		<b>24 hrs</b>	

REQUIREMENTS	Agents Licensed Before 1/1/99 (Senior Agents)
License Year	Every 2 years
Partnership	8 hrs
Long-Term Care	<b>8 hrs</b>
<b>TOTAL</b>	<b>16 hrs</b>

# Senior Insurance Training Services Offers:

## CLTC Master Class – 2002 Spring Schedule

**Northern CA Location**  
Walnut Creek, CA

**Southern CA Location**  
Torrance, CA

**March 5, 6 & 7**  
Golden Gate University,  
801 Ygnacio Valley Road  
Walnut Creek, CA 94596  
925/945-7132

**March 19, 20 & 21**  
Courtyard Los Angeles South Bay  
1925 West 190th Street  
Torrance, CA 90504  
310/532-1722

**CLTC:** Industry's premier professional designation dedicated to the Long Term Care market  
**Offered by:** Corporation for Long-Term Care Certification  
**Endorsed by:** College for Financial Planning Major Insurance Carriers  
**The Master Class:** 3-day pre-certification class preparing you for the CLTC exam, conducted by Tom Orr

- ◆ Proven sales & marketing ideas
- ◆ Comprehensive training on LTC issues
- ◆ Multi-disciplinary approach, linking LTC to financial planning, tax law, elder law, other services
- ◆ Conducted by Tom Orr of Senior Insurance Training

**Cost of Master Class:** \$920.00, for Met Life & Prudential agents, \$995 for all others (includes all course materials and exam fee).

**How to register or get more information?** Visit the CLTC website: [www.ltc-cltc.com](http://www.ltc-cltc.com) or call (877) 771-2582

**Why should I get my CLTC designation?** CLTC graduates praise the CLTC Program for giving them the knowledge and confidence needed to be successful in the LTC insurance market and with effectively meeting their clients' needs. As a CLTC graduate, you are entitled to ongoing valuable benefits, including regular legislative and industry updates and newsletters—which will enable you to provide ongoing value to your clients.

**How do I get the CLTC designation?** After completing the Master Class or self-study materials, you schedule an examination with a local Prometric office. (Formerly Sylvan Learning Center.) Upon passing the 100-question exam (70% is required), you will receive the CLTC designation.

**How many CE credits will I get?** CE credits will vary between 12 and 28 hours, depending on your state.

**Who has participated in the CLTC Program to date?** Over 4500 financial and insurance professionals have participated since the launch of the Program in July 1999.

**What does it cost?** Normally the cost of the Master Class is \$1195 and the cost of the self-study course is \$870. Your special rate is \$995 for the Master Class and \$770 for the self-study course materials. You can pay it in 4 equal monthly installments on your credit card.

**What if I cannot attend this Master Class?** You should consider the self-study program or call CLTC to put your name on the waiting list for the next Master Class to be held in your area.

*Become a CLTC (Certified in Long-term Care) & elevate your career to the next level*



## Senior Insurance Training Services

670 W. Napa Street, Suite M

Sonoma, CA 95476

www.ltce.com

800-460-7487

707-939-9599 fax

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

### Inside:

- New Innovations in LTC on the Horizon Part II
- In 2002 Host your own Private Seminar
- 2002 Tax–Medicare–Medi-Cal updates
- New Class Schedules
- Understanding LTC/CPR CE Requirements
- The LTCI Designation “CLTC” Dates

## Coming in Spring 2002

Senior Insurance Training Services is pleased to announce the availability of an entirely new comprehensive selling system. This system is the result of 25 years of experience in the long term care insurance industry and reflects years of development and testing. Contained within the system are modules covering:

- Pre Training on the basics of LTCI and its environment that also qualifies for CE credits
- Thorough sales training grounded in proven techniques that have transformed rookies into national sales leaders
- A personal development program designed to heighten individual effectiveness
- Individual and agency business aids that help you create the most efficient possible organization
- Telephone scripts, objection handlers, evidentiary material, group programs, reference guides, underwriting aides, rate and comparison software and more . . . all available on either CD, audio and video.

This system is the result of an exclusive collaboration between SITS and the nation's most successful seller of long term care insurance *ever!* Look forward to details in our next newsletter or call for an in depth summary.