

Senior Insurance Training Services

Long-Term Care Insurance Success!



Continuing Education & Sales Training

SITS Courses are okay Our Response to "SITS Stands Corrected" Issue 26, March 2003

(800) 460-7487

See Inside:

- Bad Moon on the Rise
- Federal Government Looks at Long-Term Care Tax Breaks
- New 2003 Summer/Fall Schedule
- The Federal Long-Term Care Insurance Program—Is it the best deal for my client?
- LTC Insurance Designation Schedule for CA 2003

In our newsletter #25 (November 2002) we mentioned that SITS had filed for new LTCI courses and that they would be forthcoming. However, the Department of Insurance/Continuing Education Unit informed SITS that we could not announce pending courses without approval. Therefore, in our Newsletter#26 (March 2003) we had to write a retraction explaining that these new courses had not yet been approved by the Department Of Insurance. As a result, this has created confusion with SITS students.

To clarify, all of our current courses are approved by the Department of Insurance and are available for students to take. We offer the following 4 courses:

83363-SITS - California LTC Insurance in the New Millennium – CTQ 2000 (Classroom)

83364-SITS – California LTC Insurance for the 21st Century "A Second Look" - CTQ 2000 (Correspondence)

85943-SITS California Partnership redesign "A new Approach for the Millennium" (Classroom)

85944-LTC Insurance Magic (Classroom – Advanced LTC Sales Workshop – Classroom)

Due to this confusion, SITS, the Department of Insurance/Continuing Education Unit, Education Board and other members, are working together to update and revise the current CTQ 8-hour outline.

Our course materials have been revised and updated to reflect current 2003 information.

We apologize for any confusion and we hope to see you soon.

Thomas W. Orr

President, Senior Insurance Training Services

Host Your Own Private CE/Sales Workshop

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.

Special Note: New course material covering the Federal LTCI program, AARP's LTCI offering and a new California LTC provider cost survey, pending.

Issue 27

July 2003

Bad Moon on the Rise

by Martin McBirney

I see the bad moon arising.
I see trouble on the way.
I see earthquakes and lightning.
I see bad times today.

Creedence Clearwater Revival

Until recently, the long term care insurance market has been characterized by an excess of manufacturing capacity set against limited distribution. Carriers competed for distribution capacity through lower prices, higher commissions and weaker underwriting. Each time a favored carrier suffered the consequences of this tact, another would rise in its place. Agents and brokers never suffered a lack of underwriting capacity.

Today that balance is changing. Of the top 20 writers in today's market, all but a handful are suffering steep losses and would love any opportunity to exit the market. The distinct lack of buyers is the only reason they continue to hold on to existing blocks and accept new applications.

In the last twelve months alone, several of these carriers have stopped writing new business, many have put through staggering rate increase requests, at least one has lost its reinsurance contract, one faces bankruptcy, two have restricted their product offerings and the remaining handful are beginning to question what they're doing in this market.

This is not surprising. Higher than expected claim levels, lower than expected lapses and investment returns well below those anticipated in pricing have conspired to put extreme pressure on already thin margins. Furthermore, balance sheets are now under pressure as carriers who chased yield at the expense of default risk are watching the value of their assets decline. Of particular interest in this vein is the industry-wide love of CMOBs (Collateralized Mortgage Obligation Bonds).

CMOBs are securities sold in the secondary market that result from the bundling of individual home mortgages. LTCI carriers find these appealing as they offer above average returns, which, in turn, supports unrealistic pricing assumptions. Unfortunately, the reason these bonds have such attractive returns is that suffer when interest rates go either up or down.

When interest rates go up, the value of CMOBs goes down as they no longer reflect prevailing interest rates and their duration increases due to the tendency of homeowners not to refinance or sell their homes.

However, when interest rates go down, CMOBs also suffer, as individuals refinance and the bonds get called, thus forcing the liquidation and reinvestment of an asset at exactly the worst time. In the last two years refinancings have been at historically high levels and the joy of homeowners has translated into serious pain for holders of the CMOBs.

Ultimately, there comes a point when enough is enough and we believe that point is drawing near. It is our guess that the LTCI market will witness a severe contraction this year in the number of high quality carriers

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U.S. BILL WOULD ENCOURAGE LONG TERM CARE INSURANCE

By Julie Rovner

WASHINGTON (Reuters Health) - As 77 million “baby boomers” march toward their high health spending years, two U.S. House members Wednesday introduced legislation that would encourage them to purchase insurance to cover the costs of long-term health care — something most private insurance plans and the Medicare program do not cover.

“Nearly everyone should have long-term care coverage, but almost no one does,” said Rep. Earl Pomeroy, D-N.D., his state’s former insurance commissioner. “If you don’t have it, you’ve got to impoverish yourself for Medicaid to pay for prolonged care.”

The bill introduced by Pomeroy and Rep. Nancy Johnson, R-Conn., would make long-term care insurance more easily tax deductible. It would permit employers who provide “cafeteria” benefits plans to offer long-term care insurance as part of those plans, and it would provide a tax credit of up to \$3,000 for family members and others who deliver long-term care services.

“The astounding costs of long-term care can wipe out a family’s savings,” said Johnson. “As America’s population has gotten older, its seniors are living longer with multiple, chronic health problems that require expensive long-term care. We need to help families secure access to the long-term care that their loved ones need, and not break the backs of our kids to pay for it.”

But while just about everyone in Congress agrees that more people should be encouraged to insure themselves against the high costs of long-term care — nursing homes cost an average of about \$60,000 a year — enacting tax incentives has proved problematic.

This is at least the third time Johnson, who chairs the Ways and Means Health Subcommittee, has introduced the legislation. But she failed to get the long-term care provisions, estimated to cost about \$33 billion over the next decade, into the \$550 billion tax bill passed by the House last week.

A spokesman said long-term care would be the “next big policy issue” Congress will address after it reforms the Medicare program and adds a prescription drug benefit.

Bad Moon on the Rise – continued

willing to invest in growing their market share. This will tip the balance in favor of those insurers that remain as they will no longer have to compete for the attention of distributors. In fact, it could well turn out that there will be a surplus of distribution capacity and the remaining carriers will be in the enviable position of having distribution compete for them.

The reason for all this turn is that, in the end, today’s crisis-driven, reactive product model not only fails to meet the needs of consumers, but is inherently unprofitable. The long term care risk is a complex, amorphous event grounded in emotional, financial, social, governmental, family and provider issues. As long as insurers intermeditate that risk “at a distance” and refuse to engage their customers, they will continue to get hurt and the market will remain mired in today’s low penetration rates.

Seminar Calendar 2003



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

	July		August		September		October
8	Novato	5	Novato	4	Torrance	1	Novato
8	San Jose	5	Pasadena	5	Sacramento	2	Pasadena
9	Torrance	6	San Jose	8	Novato	7	San Francisco
10	San Francisco	7	Costa Mesa	9	San Francisco	8	Sacramento
15	Sacramento	12	San Francisco	11	Costa Mesa	14	Walnut Creek
16	Costa Mesa	13	Sacramento	15	Walnut Creek	14	Woodland Hills
22	Ontario	20	Woodland Hills	16	San Jose	15	Costa Mesa
23	Woodland Hills	20	Walnut Creek	17	Woodland Hills	21	Ontario
24	Fresno	26	Fresno	18	Fresno	23	Fresno
29	Walnut Creek			19	San Diego	28	Oxnard
				26	Ontario	29	San Jose

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



CALIFORNIA PARTNERSHIP FOR LONG-TERM CARE - COURSE #85943

	July		August		September		October
11	Novato	8	Novato	10	Novato	3	Novato
15	Torrance	14	San Jose	10	Torrance	9	Pasadena
17	Costa Mesa	15	Sacramento	12	Sacramento	10	Sacramento
18	Sacramento	19	San Francisco	16	Costa Mesa	16	San Francisco
24	San Francisco	19	Pasadena	18	San Jose	17	Walnut Creek
25	Ontario	21	Costa Mesa	19	Fresno	22	Woodland Hills
25	Fresno	22	Walnut Creek	23	San Diego	24	Costa Mesa
29	San Jose	27	Woodland Hills	24	Woodland Hills	24	Fresno
30	Woodland Hills	27	Fresno	25	San Francisco	29	Ontario
31	Walnut Creek			30	Walnut Creek	30	Oxnard
				30	Ontario	31	San Jose

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

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, or \$150 for both

Long-Term Care Home Study Course 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, updated 6/02)
8:30 AM - 4:30 PM **8 hours of CE credit**
\$85 per seminar - \$100 at door
CFP Approved for 8 hours

California LTC/CTQ CORRESPONDENCE

(course # 83364 as of 7/7/00, updated 6/02)
8 hours of CE credit
\$58.75
CFP Approved for 6 hours

\$20 DISCOUNT!

**REGISTER AND ATTEND
BOTH SEMINARS AND
SAVE \$20** (does not include
LTC Correspondence).

4 Ways to Register for Seminars:

1. **CALL (800) 460-7487**
 2. **FAX REGISTRATION
FORM TO (707) 939-9599**
 3. **WEBSITE www.LTCCE.com**
 4. **MAIL REGISTRATION
FORM WITH PAYMENT**
- VISIT OUR WEBSITE
WWW.LTCCE.COM
TO REGISTER, VIEW OUR
SEMINAR CALENDAR AND
GET LTC INFORMATION**



California Partnership TQ Seminar

(new course # 85943 as of 10/6/00, updated 9/02)
8:30 AM - 4:30 PM **8 hours of CE credit**
\$85 per seminar - \$100 at door
CFP Approved for 7 hours

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

NAME: _____ PHONE: _____

ADDRESS: _____ FAX: _____

CITY / STATE / ZIP: _____

EMAIL: _____

SSN: _____ INSURANCE 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**

The Federal Long-Term Care Insurance Program: Is it the best deal for my client?

by Robert J. Goerzen, B.A., L.N.H.A., AALTCI

For the first time, approximately 20 million members of the Federal workforce and their families have been offered a group long-term care insurance policy through their employer. On March 25, 2002, Metropolitan Life Insurance Company and John Hancock Life Insurance Company - the two insurers selected by the U.S. Office of Personnel Management - began offering a group long-term care insurance policy to Federal and Postal employees and annuitants, members and retired members of the uniformed services and qualified family members. As a Long-Term Care Specialist and Trainer, I am often asked if the Federal program has any merit – and if so, how does it compare to traditional long-term care insurance? After an exhaustive review of the Federal program, I have concluded that anyone considering it would be wise to compare it to individual policies offered through the private sector before making a final decision. As a trusted advisor, you should know that your client may find a better value in purchasing a traditional long-term care insurance product.

So how does the Federal program “stack up” compared to what else is out there? To start, the Federal plan reimburses the actual cost of care in a Skilled Nursing Facility (SNF), assisted living facility, or at home - up to the daily maximum your client selects. It also pays for “informal care,” assistance provided by friends, neighbors and others, with some restrictions. Other benefits include international coverage, no age limit on the upside for applying, waiver of premium once your client goes on claim and complete portability when the person leaves the group.

Overall, it's a decent product. However, there are some potential misconceptions and distinct disadvantages. First, it's important to point out that the Federal government is not providing the insurance, subsidizing the premiums or guaranteeing the benefits. Second, it's a group policy. In my experience, you're almost always better off with an individual policy, unless your health is poor. You see, with a group policy, provisions can be modified and rates increased simply by negotiation between the group and the insurer. That leaves room for question marks – and those who know me know I see my job as eliminating questions in my client's future – not creating them.

The Federal program has limited benefit choices and no “simple inflation protection.” In addition, anyone interested in the Federal policy must go through some level of medical qualifying. In many cases applicants have to go through the same type of underwriting as they would for an individual policy from the private sector. So what's the point?

In addition, the Federal program lacks both a marital discount and a discount for above-average health. As such, it can cost more than a traditional individual policy. Many of your clients may find better coverage for less money dealing with you. Not to mention the added benefit of having a trusted advisor assisting them.

And lastly, the Federal plan requires a company-appointed care coordinator and limits home care to 75% of the daily benefit. Most people buy LTC insurance coverage to enable them to stay at home. So they're looking for the most comprehensive coverage for in-home care.

My greatest concern is that many Americans will hear the wrong message. They'll hear that the federal government is now paying for the cost of long-term care, which just isn't so. We must educate the consumer on these details. So how do we do that?

I offer the following sales idea for those advisors wanting to address this market niche: First, learn all you can about the Federal Program. A great place to start is the Fed's own website: www.opm.gov/insure/ltc/. Learn all you can about the benefits, advantages, and limitations of the program. Second, develop an educational workshop to detail the basics of long-term care need, Medicare, Medi-Cal, and the unique provisions of the Federal program. This is best produced in something like PowerPoint. After you have a 30 to 40 minute presentation ready, contact the local veteran's organizations in your area informing them that you are an expert in this area. You can bet that no one has offered to educate these individuals and you can set yourself apart as the expert. Once you have completed the workshop, have the attendees complete a response card and go into the benefits of using a traditional long-term care product instead in the next meeting. Traditional LTC insurance offers more choice, better pricing, and (most importantly) YOU!



THE CORPORATION FOR LONG-TERM CARE CERTIFICATION, INC.

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CLTC Master Classes Coming to California

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1760 Creekside Oaks Drive #100
Sacramento, CA 95833

October 9 & 10, 2003
University of Phoenix
8355 N. Fresno Street #200
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CLTC: Industry's premier professional designation dedicated to the Long Term Care market.

CE Credits: 15 for CA Pace Credit: 24 CFP Credit: 24

The Master Class: A two-day class conducted by Tom Orr, a certified Master Class Instructor

- Proven sales and marketing ideas
- Comprehensive training on LTC issues
- Multi-disciplinary approach, linking LTC to financial planning, tax law, elder law, and other services.

Master Class Fee: \$1195 \$995

The above fee includes all course material, examination fee, instructor expenses, and CE filing. *Note: The following companies offer a reimbursement for the completion of the CLTC Program: Prudential, Met Life, Bankers L&C, Mass Mutual, Allstate, as well as others. Call (866) 383-2075 for more information.*

To register use the CLTC website at www.ltc-cltc.com or call (866) 383-2075. Seating is limited to the first 30 students.

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, industry updates, and newsletters that will enable you to provide ongoing value to your clients.

How do I get the CLTC designation? After completing the two-day Master Class with Tom Orr, you schedule an examination with a local Prometric Learning Center (Formerly Sylvan Learning Center). Upon passing the exam of 100 multiple choice questions, you will receive the designation.

Who has participated in the CLTC Program to date? Over 6000 financial and insurance professionals have participated since the launch of the Program in July of 1999.

What if I cannot attend the two-day 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.

A couple of testimonials from our graduates:

"Our agency is up almost 600% in LTCI sales year-to-date and just became No. 1 in the company. I believe the CLTC Master Class played a major role in this growth." J. Fontana, CLTC

"Since completing the CLTC class I have written \$30,000 in premium in the last 3 months. I would recommend that everyone take this class and get their certification. It was the best investment in knowledge and firepower that I could ever have made." T. Tornow, CLTC

More Valuable Information you can use!

The Center for Long-Term Care Financing is a great resource for LTC insurance producers. Their website at www.centerltc.org is full of valuable free information including comprehensive reports, quotable speeches, and archives of hundreds of articles. Subscribe to the Center's LTC Bullets (free for three months). Support the Center with a \$150 tax deductible contribution and gain access to the "donor only zone." Donors receive daily LTC E-Alerts, LTC Readers or LTC Data Bases, designed to give busy producers a 5-minute, one-a-day mental vitamin that will keep you at the very forefront of industry knowledge and professionalism. Explore our Long-Term Care Graduate Seminar at http://www.centerltc.com/ltc_grad_seminar.htm. To subscribe to LTC Bullets, email info@centerltc.org. For more information, contact Executive Director Amy McDougall at 425-377-9500 or amy@centerltc.org. The Center for Long-Term Care Financing is a 501(c)(3) nonprofit, nonpartisan, charitable think tank and public policy organization dedicated to ensuring quality long-term care for all Americans. If you find value in the Center's "LTC Bullets," our web site, our reports, or our public policy work, please consider making a tax-deductible donation. Even small contributions are greatly appreciated.



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Inside:

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NEW FROM SITS

Guide to Personal and Financial Information for your clients and prospects. This guide provides your client a convenient booklet to record their important financial and family information to ease the task left to survivors. The guide includes pages for important documents location, important legal documents and advisor information, insurance document and advisor information, personal financial information regarding assets, investments and liabilities, personal information regarding the client and a spouse, and important family contacts. The booklet is professionally published with a textured card stock cover. **Most important, the outside cover will be personalized for your business.** Your client will keep and use this business gift! To Order submit your personal business information and a \$150.00 deposit. You will be billed for the balance on delivery. Following is pricing based on order size.

Minimum order: 100 @ \$3.00 per book, 250 @ \$2.25 per book, 500 @ \$1.95.

Larger orders call for quote. Sales tax and shipping via UPS will be added to each order. Your black and white photo may also be included in the personalized information for an additional charge of \$30.00. Call today 800-460-7487.