

New LTCi Message will Resonate with Seniors

By Jesse Slome, CLU, ChFC

Why doesn't Wendy's (the hamburger chain) still run their highly popular "Where's The Beef" television ads? Because after a period of time consumers got the message and repeated play would have, if you'll pardon the pun, fallen on deaf ears.

The same is true when it comes to long-term care insurance. After some 20 years of aggressive marketing--hundreds of millions of virtually identical letters sent to seniors--consumers get the message. They understand they face a risk of needing long-term care. They understand there's a cost; and that it can be high. Indeed, those who were moved by the message and convinced of the need have purchased protection (nearly seven million strong).

So why aren't more consumers, especially more seniors, lining up in droves to purchase long-term care protection? Simply stated, old worn out marketing messages that are falling on deaf ears.

This article will look at one of two strategies proposed for cutting through the clutter of marketing messages and generating more long-term care insurance prospects in the current environment. A future article will look at the other.

First; do consumers really "get it?" What amazes me most is that you may be doubting this fact. There isn't an American alive over the age of 45 who has not already received dozens of long-term care insurance solicitations. They may no longer read them ... but they did the first time an envelope arrived. In addition, every major magazine, every daily newspaper, even free weeklies have written articles extolling the importance of thinking about long-term care needs. Consumers get it (even if the marketers don't) and the same worn out message is falling on deaf ears.

What consumers don't get is the following; when it comes to long-term care insurance protection, "your money pays for it ... but your health buys it." What consumers, especially seniors, don't get is that as many as one-in-two individuals who take the time to complete the lengthy process of applying for coverage are declined by an insurance carrier.

According to a new national study published in the first quarter 2005 edition of Long-Term Care Insurance Sales Strategies magazine, some 20 percent of applications submitted nationwide are now declined--often for health reasons. The special study for the magazine was performed by Wakely Actuarial Services, which looked at data from carriers representing more than 100,000 LTCi applications submitted during 2003 and 2004.

As one would expect, the report notes that the percentage of declines changes significantly as individuals age, from around seven percent for those under age 50 to as high as 57 percent for applicants over age 80. The magazine provided its readers with a full breakdown by various ages. They note that there is a trend toward more declines and tighter underwriting, part of which is being driven by reinsurance.

The data provides important information for marketers and an opportunity to deliver a new message that will resonate with consumers. The benefit of applying at younger ages during early retirement is not simply lower premium costs. It is the advantage of being in better health when one can qualify for protection.

The message is, "24 hours from now a change in your health could prevent you from obtaining preferred, discounted rates for long-term care insurance." Waiting to apply could certainly be a costly mistake. Waiting to market with a message that resonates and cuts through the clutter could be one too.