



**RONALD R. HAGEMAN, 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.*

*A nationally recognized motivational speaker, Hagelman has served on the LIMRA and Society of Actuaries LTCI committees and is past president of the American Association for Long Term Care Insurance, as well as a master trainer for the LTCP professional designation. He is president of Republic Marketing Group dba "America's Long-Term Care Insurance Experts" and a principal in the agent sales training company Hagelman-Barrie Sales Training Solutions.*

*Hageman can be reached at Hagelman Consulting, PO Box 310707, New Braunfels, TX 78131. Telephone: 830-620-4066. Email: ron@rmgltdci.com. Website: www.ltcicentral.com.*



## A Future

For those still in the long term care insurance trenches, there has to be a growing perception that we might need to be concerned about maintaining our vital supply lines. We cannot fight a sustained battle without adequate ammunition. Our enemy, America's greatest unprotected risk, continues to gain ground. Our foe will not retire or retreat, so we have no choice but to stand and fight.

The situation is painfully simple: *the problem will not go away and there is only one answer.* The enemy's strength is irrefutable, nursing home costs now average \$80,000 per year, with home care rising to \$30,000 and assisted living in excess of \$40,000.

Depending on how you want to evaluate the potential risk, two-thirds to three-fourths of all Americans may need care, and one out of those five will need care two or more years.

We have put up a good fight approaching 10 million insureds and more than \$40 billion in premium. Plus, we are adding approximately half a million new buyers each year. More than half of all sales now take place through an affiliation membership. *Even with our dwindling supply of ammunition we are making meaningful progress.*

We have come to understand there are two markets. Those with larger incomes/assets and better educations, who clearly understand the need to leverage risk with insurance to protect savings, preserve estates and maintain control of their own caregiving destinies. The second market is the "mass middle," where we are beginning to establish significant growth at the worksite.

Marketing strategies, product alternatives and underwriting structures have all

been designed to facilitate these two sales. The number of manufacturers of ammunition has diminished. The reasons for the attrition are easy to identify: Long term care insurance is unpopular in the front office, interest rates are dead flat with few signs of recovery, some benefits have been over-sold, some regulators suffer from blind politics, and the claims can be a little scary for the timid.

**The fight will continue because we have no other choice.** Surrender or defeat is not an option or, frankly, our entire industry will have dishonored its social obligation. While we may yet see more defections (those who cut and run), we will also have those who will find the courage and the long term commitment to stay the course. They will not quit primarily because they understand their obligation.

There is much work going on behind the scenes, and I am proud to serve on a number of the Society of Actuaries' working committees. Recommendations to improve market conditions have been made to the National Association of Insurance Commissioners and the National Conference of Insurance Legislators. Among those recommendations are: greater product flexibility, including shorter and reduced benefit amounts, longer elimination periods and waiting (deferral periods); more inflation protection options; streamlined applications; flexible premium structures; expanded pre-tax funding; mandated agent training; and more combo policy alternatives.

**The truth is that we, as an industry, have much more work to accomplish.** We need more suppliers of new and improved ammunition. We need ammunition that is more effective and efficient. We need more

agents to dust off their uniforms and return to combat. This struggle is not just a distraction—it is our primary focus.

Now let's see who actually reads this column. The Society of Actuaries sponsors a standing committee: "The Future of Long Term Care Think Tank." This is a multi-disciplinary group of industry experts—those directly concerned with

maintaining a future for all involved. We have met periodically over the years to evaluate and give recommendations to those directly involved in the struggle.

Roger Loomis, Actuarial Resources Corporation, and I are this year's co-chairs. We are expanding the committee's membership to include those interested in helping develop a consensus of opinion as

we go forward to reform and expand LTC insurance sales. **If you would like to help, please send me an email for an application to join the committee: [ron@rmglctci.com](mailto:ron@rmglctci.com).**

Don't stop firing at the enemy, just keep your head down and help me pass the ammunition.

*Other than that I have no opinion on the subject!* 🌍