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Identifying and Approaching Prospects

Overview and Learning Objectives

Chapter 2 begins with a focus on identifying markets and approaching prospects. It examines the three market segments identified in chapter 1 plus other marketing concepts. It also provides an in-depth look at seminars, which are one of the more popular prospecting methods for selling LTCI. By reading this chapter and answering the questions, you should be able to:

- 2-1. Describe a qualified prospect for LTCI.
- 2-2. Describe the common characteristics and needs for each of the three age-based market segments.
- 2-3. Describe five market segments (in addition to the three age-based segments) identified in this book.
- 2-4. Explain the most commonly used methods for prospecting, preapproaching, and approaching a prospect for LTCI.
- 2-5. Identify the main benefits and aspects of conducting a successful seminar.

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Marketing and Prospecting

This section of the chapter discusses the application of conventional target-marketing and prospecting concepts to identify and approach prospects for long-term care insurance (LTCI). We will examine the characteristics of a qualified prospect for LTCI, then describe some different ways to segment and target your markets in order to find groups of qualified prospects. Finally, we will discuss how to identify individual prospects for LTCI and review the preapproach and approach strategies used to create interest and set appointments with them. A review of these concepts will help you put together your plan for marketing LTCI.

Qualified Prospects

The process of selling any insurance or financial product begins with creating a profile of the typical person who will believe in you and buy your products and services. In other words, you need to define the characteristics of qualified prospects.

Generically, *qualified prospects* are people who

- need and value your products and services
- can afford to pay for your products and services
- are insurable
- can be approached by you on a favorable basis

Let us apply this definition to create a profile of a qualified LTCI prospect.

Need and Value

Who needs LTCI? Although people in their 80's have a greater probability of needing long-term care (LTC) than do people in their 30's, strokes, accidents, and disease can occur at any age. With nursing home

LTCI: Not Just for the Elderly

Here is one advisor's thoughts about marketing and prospecting for LTCI: "Talk to everyone. I talk to anyone between the ages of 37 and 80. If they are not interested, I ask if they would mind if I spoke with their parents or other relatives. For younger prospects, I tell them that LTCI is not just for the elderly. Forty percent of all LTC recipients are under the age of 65."

care costing on average \$52,195 per year in 2002, a couple of years of such care would seriously jeopardize the financial well-being of many individuals and families. Furthermore, if a person's money runs out he or she will need to obtain assistance from Medicaid. Such assistance will most likely mean a reduction in the quality of care for the LTC recipient. Clearly, possible LTC expenses create a financial need for many people.

However, no matter how logical the financial reason for buying LTCI, the prospect must have a strong enough emotional reason to buy it. He or she must value LTCI more than other competing wants, needs, and desires. In other words, it makes sense for a prospect to not want LTC expenses to impoverish his or her family, but does the prospect *feel* that it is worth the premium he or she must pay for LTCI?

Emotional needs are not easily observable. The best way to uncover them is to ask prospects about their experiences with family members and friends who have needed nursing home or LTC. One seasoned financial advisor uses a series of questions to explore a prospect's feelings toward LTCI:

- Do you know anyone who has needed nursing home or LTC?
- How was the situation handled?
- How would you want the situation handled if you were facing such a need?

There are some characteristics that may indicate that a prospect will value LTCI. We suggest you compile your own list of characteristics, starting with these few examples. Look for people who:

- are implementing a retirement plan or seriously considering one. People who have bought LTCI consider it to be a major component of their retirement plan.
- own other insurance products such as life or disability insurance. People who own these types of insurance products demonstrate they value the concept of risk transfer.
- work for an employer that offers group LTCI. In general, people who work for employers who offer LTCI have a greater

familiarity with the issues surrounding LTC than does the general public.

Can Afford the Premiums

One of the biggest obstacles to the LTCI sale is price. Note that price and value are interrelated. For example, a middle-aged couple may say that the premiums for LTCI are too much. You discover, however, that they own a vacation home. What this couple is really saying is that they value LTCI less than their other needs, wants, and desires. In contrast, an older couple living on a fixed income may really want LTCI but truly not be able to afford to pay the premiums.

We discussed affordability indirectly in chapter 1. If you have not done so already, identify the income and net worth ranges you will target in order to avoid affordability issues. Describe any characteristics you will look for that may indicate a prospect's ability to pay premiums. For example, you might look for the prospect who:

- owns a home
- owns a business
- has supplemental policies in place, such as a personal articles floater policy on an engagement ring
- has high liability limits on property and casualty insurance
- owns a personal liability umbrella policy

Are Insurable

There are many people who want LTCI and can afford to pay the premiums but who are uninsurable because of poor health. The worst thing for everyone involved is for a prospect to be declined for health reasons. When declinations occur, both the prospect and the financial advisor feel bad. In addition, the advisor fears the damage this might cause to his or her business relationship with the prospect. For this reason, many successful advisors recommend prequalifying the prospect over the phone. We will discuss prequalifying later when we cover the topic of approaching the prospect. As a proactive step, financial advisors should target markets where most of the people are healthy enough to

A Buyer's Perspective

Roger is a professor at a small college. He purchased LTCI when he was age 59. Here are his reasons for buying the policy:

"My aunt and uncle needed LTC and did not have LTCI. From that experience I was able to see the financial and emotional drain that such a situation can have on a family. This impacted my decision to buy LTCI because I don't want to leave my wife and children in a lurch. I don't like having their security affected by my problems. Furthermore, I also wanted to leave my wife and children an inheritance. It is important to me that I do not use up resources that I would use for that purpose. I guess you could say that I want to feel that my family is secure, and that's why I bought LTCI."

qualify for LTCI. For example, instead of an advisor targeting prospects over the age of 70, he or she could target prospects aged 50 to 65. Younger prospects tend to be healthier than older ones.

Can Be Approached by You On a Favorable Basis

The first three aspects of qualified prospects focuses solely on the characteristics of the prospects. In contrast, this last aspect considers the financial advisor's characteristic and how well they match those of his or her prospects. For example, an advisor in her 30's may not be successful approaching prospects in their 50's to talk to them about LTCI because these prospects may perceive her as too young and inexperienced. However, for an advisor in her 50's such prospects would more than likely be in her natural market because she probably will be perceived as more experienced.

While the financial advisor in his or her 50's would seem to have the advantage, that may not necessarily be the case. It all depends on how well each advisor establishes rapport with prospects and develops his or her reputation.

Rapport—The importance of rapport underscores the value of starting your marketing and prospecting efforts in your natural markets. Your natural markets include people you know and people to whom you have access for reasons other than direct personal acquaintance. Examples include your existing client base, people you know from a former occupation or employer, professionals with whom you have a natural ability to work, and so forth.

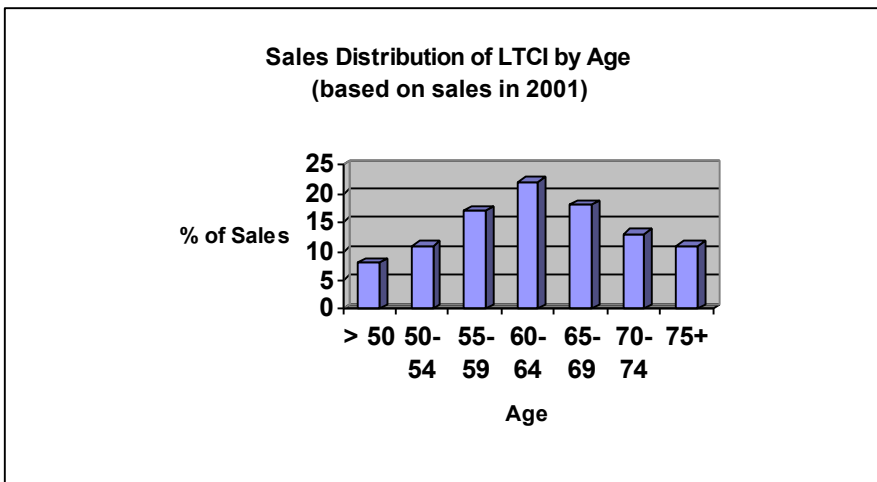
Rapport, however, is equally important when working with cold leads. For example, if you are making a cold call on the telephone, you need to be able to project a warm and professional image. Your words and voice mannerisms are critical because the prospect cannot pick up on any of your non-verbal cues.

Reputation—Many of your prospects will be people whom you have not met before. Some of these prospects will know about you because of your reputation. Thus, the first order of business is to make sure that you have a good reputation, especially in your target markets. Then you will need to find ways to have your reputation precede you, which will cause prospects to be more responsive to your approaches. We will cover this topic in more detail a little later in this chapter when we discuss preapproaches.

Identifying Market Segments

Having determined the profile of a qualified prospect, the next step is to find groups of qualified prospects, or *market segments*. We will begin by reviewing the age-based market segments overviewed in chapter 1. Age-based segments are an appropriate place to start because the older the prospect, the greater the level of his or her awareness of the need for LTCI. Age currently plays a more important role in the marketing and selling of LTCI than any other insurance product except Medicare supplement policies.

Once we have established the common characteristics and needs of the age-based market segments, we will then look at some other useful ways to segment the LTCI market.



Source: Based on data from Broker World, July 2002, page 154.

Age-Based Market Segments

From the definition of a qualified prospect, it is easy to conclude that an effective way for you to segment the LTCI market is by age. Intuitively you will have greater success with prospects in the age range where they typically need LTC, can afford to pay LTCI premiums, are insurable, and can be approached on a favorable basis. Fortunately, this age range can be easily identified: Statistics show that currently most LTCI sales fall into two categories: ages 50 to 64, and ages 65 and older.

A Change of Mind

One financial advisor comments on the change in his marketing practices:

“When I first started selling LTCI, I thought it was for someone age 70 or older. I’m looking at it quite differently now. If you are a very, very smart person, you buy LTCI while you are in your 40’s. If you are very smart, you buy LTCI while you are in your 50’s. If you are smart, you will buy LTCI while you are in your 60’s. It starts to get expensive in your 70’s.”

Because of the general acceptance of age 65 as the traditional or normal retirement age (even though for Social Security purposes, this will eventually increase to age 67), we have slightly modified the age ranges used with the statistics. Under our methodology, the age groups are separated into three market segments:

1. prospects who see retirement as a distant goal (those under age 50)
2. prospects who see retirement as a more immediate concern (those ages 50 to 65)
3. prospects who are enjoying retirement or semi-retirement (those over age 65)

(Throughout this discussion of market segments, you will see boxed material on various generations, as commonly used by demographers. One word of caution: These generations do not exactly match up with our age-based market segments. For example, Baby Boomers can be found in both the under age 50 and the ages 50 to 65 market segments.)

Under Age 50—As mentioned in chapter 1, the prospects in the under age 50 market segment can be approached in two different ways. The first way involves them buying LTCI for themselves. The second way involves them buying or facilitating the buying of LTCI for their parents or other relatives for whom they feel responsible.

LTCI for the Prospect—Traditionally, prospects in the under-age-50 market segment have been much less receptive than prospects from the other two market segments to purchasing LTCI for themselves. Probably the most universal reason for this reluctance to buy LTCI is that people in this market segment consider other needs and wants to be more important. Examples include saving for a house, saving for retirement, buying a new car, saving for a child’s education, and securing life and/or disability income insurance. There is only so much income to spend.

Another reason for the lack of receptivity to buying LTCI is that prospects in the under-age-50 market segment perceive LTCI to be a need for people much closer to retirement or actually in retirement. They may feel that they still have plenty of time to plan. In fact, many of these prospects feel that they will never need LTC.

This is not to say that you should not approach prospects from this market segment. Obviously, people with the discretionary income to pay for LTCI premiums may be good prospects. Their income notwithstanding, however, you should look for prospects who:

- know a friend or family member who has needed LTC
- are in their 40s
- have no dependent children at home
- are single or divorced with no dependents
- have high liability limits on their property and casualty insurance
- own a personal liability umbrella policy

One of the major needs for prospects in the under-age-50 market is for them to purchase LTCI now, while they can qualify. Nobody can predict how his or her health may change. Prospects who have a family history of longevity and/or a hereditary disease such as Alzheimer's may respond to this need. In addition, prospects who understand the benefits of guaranteeing future insurability, such as those who have a guaranteed insurability option on their life and/or disability insurance policies, may feel strongly about this need.

A second need common to prospects in the under-age-50 market is asset protection in the context of retirement and/or estate planning. The whole goal of retirement planning is to build a nest egg that will last. One of the major risks facing everyone is outliving one's resources. This risk dramatically increases when you factor in the possibility of needing LTC. Prospects with whom you have actually done retirement planning make good prospects for LTCI discussion. The same holds true for prospects with whom you have done estate planning to maximize the value of the estate. When the possibility to pay for LTC is considered, even moderately large estates can suffer a severe shrinkage from LTC costs. LTCI should always be a part of any discussions about retirement and/or estate planning.

LTCI for the Prospect's Parents or Relatives—Even though many people in the under-age-50 market may not be receptive to purchasing LTCI for themselves, this market can nonetheless provide you with prospects. This is because adult children often feel morally obligated to

Affinity Marketing

One advisor's marketing strategy:

"The best way to reach the under age 50 market is through affinity marketing. Set up alliances with credit unions and other organizations that will allow you to market to their members."

ensure that their parents are provided for should they require LTC. This obligation quite frequently translates into a need for LTCI for several reasons.

First, while adult children traditionally have been the caregivers for elderly parents, they typically are not able to provide skilled LTC requiring a physician or a nurse.

Second, adult children are often unable to care for their elderly parents because of the financial burdens of raising their own children,

Generation X

Demographers often divide the population into age-based segments known as generations. The process is not an exact science so you will find that dates for when a generation begins and ends vary slightly from source to source.

The basis for a demographic generation is the theory that the general population's psyche and behavior are shaped by significant life experiences, such as the way people are raised, national and world events, wars, the social and economic climate of the times, and so forth. While each prospect will need to be treated as an individual, generalizations allow you to be aware of the different types of attitudes you may encounter from members of each of these generations so that you can recognize them quickly and make adjustments.

People born between 1965 and 1980 have been labeled as Generation X, or Xers for short. They were shaped by events like Watergate, the energy and gas crisis, the Iran hostage crisis, the space shuttle Challenger disaster, the Pan Am Flight 103 incident, the Exxon Valdez oil spill, and the fall of the Berlin Wall. Some of the resulting characteristics these Xers share are:

- Risk-takers—they are ambitious and push the boundaries. Entrepreneurial opportunities appeal to them.
- Work/life balance—their reaction to their latchkey childhood has been to seek a balance between work and home life. An increasing number stay home voluntarily to raise children.
- Skeptical—they can spot a fake quickly. They expect and will pay more for quality.
- Self-oriented—they want to know what is in it for them.
- Practical—they want something that works; they want a plan with specific steps and a well-defined result.

Generation X has also been tabbed as the Baby Bust generation. In direct contrast to the Baby Boom generation, fewer babies were born during the Baby Bust generation. This means that Xers' parents had fewer children. Given the earlier discussion on the driving forces of the LTC crisis, while Xers may not be as open to discussing LTC and LTCI for themselves, they may be interested in helping their parents purchase LTCI. In addition, because of their self-orientation and practical nature, Xers may be concerned about their inheritance—another motivation for them to want their parents to have LTCI.

and/or the impact that being a caregiver would have on their lifestyles and their relationship with their parents. In either of these situations, the children still want their parents to receive the best care possible. They also want to ensure that if one of the parents is not receiving LTC, his or her lifestyle will not deteriorate.

Third, studies show that caregiving takes its toll on the caregiver both physically and emotionally. It also negatively impacts the caregiver's career and earning capacity.

Fourth, adult children should consider how they feel about watching their inheritance dwindle to nothing. One successful financial advisor noted that when he confronts children with this possible scenario, they view LTCI as the protector of their inheritance and are often willing to pay the premiums.

Selling to the Under Age 50 Market

The under age 50 market may not be your target market, but you should take advantage of the opportunities for selling LTCI to this market. Specifically:

1. Offer the coverage to everyone because stroke, disease, and accidents know no age limitations.
2. Educate prospects about the risks for needing LTC and the associated high costs. The information can result in a sale or plant the seeds for a future sale.
3. Educate prospects on the impact that LTC can have upon them if their parents should need it. This will help you gain access to their parents through a referral. A simple question works: "How do you and your parents plan on handling LTC should they need it?"

Have a transition ready. For example:

"Mr. and/or Ms. Prospect, I understand that you feel that you cannot afford LTCI right now. Do you understand the importance of having LTCI?" (Yes)

"Great, when you feel that you can afford this coverage come and see me. And by the way, do your parents live in-state?" (Yes)

"Have they purchased their LTCI policies yet? Because guess who is going to take care of them if they have not—probably you. Do you mind if I call on them?"

Because of facts like these, many people in this market will either buy or encourage the purchase of LTCI for their parents. The market trends seem to support this. Consider that a large insurance company has created a LTCI policy that allows up to four extended family members to be covered by the same policy. This policy was developed based on feedback from nationwide focus groups revealing that while many adult children are concerned about their parents' LTC needs, they do not know how to start a conversation on the subject.¹ However, they generally will be more receptive to talking about their parents' LTC needs if they:

- demonstrate a sense of responsibility for the care of a parent or parents
- live a long distance from their parents
- have no or few surviving siblings
- are dual-income families
- have young children

In addition, while the above discussion is focused on parents, there are situations where a person may feel obligated to care for another relative such as a grandparent, aunt, uncle, and so on. Keep this fact in mind as you talk with prospects in the under-age-50 market.

Ages 50 to 65—This market segment will be the bread and butter market for LTCI for the next several years for a variety of reasons.

First, recall that the baby boomers represent a bulge in the population. Many demographers refer to the baby boom phenomenon as a “rat in a snake.” Over the next several years, the Baby Boomer population bulge will dominate the ages-50-to-65 market segment, making it the market segment with the most prospects by sheer numbers alone.

Second, people in this market segment typically are at their peak income levels and LTCI premiums are relatively low for the younger ages in the segment. Thus, prospects in the ages-50-to-65 market segment typically have the means to afford LTCI premiums. A related factor is that prospects in this segment are generally healthier than those in the over-65 market segment. Therefore, the chances of qualifying to buy LTCI are much better at the younger ages.

Third, the public generally views LTC as a retirement planning issue and ages 50 to 65 are when planning for retirement becomes a front-burner issue.

Finally, prospects in this market segment have a greater likelihood of experiencing a parent or other elderly relative needing LTC. Financial advisors consistently report that when all other factors are equal, people who have had this type of experience are more receptive to buying LTCI.

The needs of prospects in this market segment are many. One of the more significant needs is that they do not want to burden their children and/or spouse with having to care for them. They do not want to be a financial, physical, or emotional burden on their relatives. People who have experienced caring for an elderly loved one will be more likely to feel this way because they have firsthand knowledge of just how taxing caregiving can be.

Another important need is to preserve independence. When a person has a self-reliant attitude, they want to avoid having to depend on government welfare programs and and/or a spouse or child. There also may be a sense of dignity involved. Having a child take care of personal custodial needs might be embarrassing and demeaning for some. You will find this independent, self-reliant attitude among the middle class, especially those who have worked hard to accrue a nest egg for retirement. They are the people who have planned for their retirement and take great pride in having done so. Again, as previously indicated, LTC and the purchase of LTCI should be a part of any retirement planning discussion.

A third need is to have choices. For example, people typically desire to have a choice of settings for any LTC they might need. For most people, this generally means in their own home or in an independent living community. Most people also want to be able to obtain the best care they can afford. LTCI allows them to not only choose the setting for the care they might receive, but it also enables them to cover the potentially staggering costs of LTC in exchange for paying a specified periodic premium. Since people aged 50 to 65 are for the most part employed and the premium rates for LTCI are still reasonable for people in this age range, LTCI coverage is affordable for most.

Finally, prospects in this market segment have the need to purchase LTCI while they are still insurable. As they age, they typically become more aware of the effects of aging and the potential costs

Ask Everyone!

An advisor reflects on his LTCI marketing practices:

“At first I was trying to contact people age 65 and older because most of the statistics showed that these people were most receptive. However, I found that the premiums were so high that these older people could not afford to buy LTCI. I also discovered that 20 to 30 percent of these people were declined for medical reasons. Now I only write business in the ages-50-to-65 market and have experienced a lot more success.”

How to Talk to Parents: “The Conversation”

Authors’ note: The following excerpt is from an article by Beth Witrogen McLeod, a journalist, speaker, and consultant on caregiving, spirituality, and wellness at midlife. Ms. McLeod is the author of the book, “Caregiving: The Spiritual Journey of Love, Loss, and Renewal” (Wiley, 2000). The entire article can be found at <http://www.dhs.cahwnet.gov/cpltc/Articles/TheConversation.pdf>.

It may be the most frustrating concern among Baby Boomers today: how to get parents to talk about long-term care needs—before a crisis hits.

A recent American Association of Retired Persons (AARP) survey found that two-thirds of adult children have never had this conversation because they don’t know what information their parents need or where to find it. Talking to parents about private, uncomfortable matters is never easy. From long-term care insurance to end-of-life wishes, this conversation is loaded not only with concerns about maintaining independence, but also with unexamined family dynamics, sibling rivalries, and communication problems.

How do you know when a parent needs help? How do you bring up the subject? When you start having these concerns, it is time for “the conversation.”

The best way to start this process is to learn about home- and community-based programs. This can be done by calling the local Area Agency on Aging (AAA) and by searching Internet caregiving and aging sites.

The next step is communication: Set up a family meeting in person, by e-mail, in private Web chat rooms, or through telephone conferencing. Everyone should be involved: parents, adult children and their spouses, grandchildren, and concerned relatives or neighbors.

Because it is not always easy to bring up these topics, approaches might include:

- Saying you are beginning your own family’s estate planning and need their advice.
- Sharing your emotional concerns directly.
- Assuring you do not want to take over their affairs, but are concerned that needs will be met, especially if a crisis occurs.
- Giving them a list of questions and scheduling time to talk later.
- Admitting you are worried about their driving, for example, and offering to find alternate arrangements.

The meeting should focus on facts and issues, not on negative emotions or past conflicts. Each person should be allowed time to share concerns and suggest solutions. Then family members can agree to specific actions, such as what help is needed and who will provide it. Even siblings located far away can handle bills, make phone calls, or do Internet research. And remember that just because your parents have different views does not mean they are invalid.

Here are questions to explore at the meeting:

- What are your parents' perceptions about current needs and biggest worries?
- What are your parents' health conditions today? Future prospects?
- Is their home still accessible, or does it need modifications for disabilities and hazards? Is a move warranted?
- Do they need help with daily chores, meals, bathing, errands?
- Can they still drive safely?
- What are your parents' current and future financial needs? Do they need planning assistance?
- Have they executed the necessary legal papers (wills, trusts, powers of attorney), and are they up to date?
- Do they have adequate health insurance and long-term care insurance?
- What are their wishes for end-of-life care?

The Baby Boomers

Demographers have labeled people born from 1946 to 1964 as the Baby Boom generation, reflecting their impact upon the population. They comprise 76 million of the 281 million people in the United States (27 percent of the population). Picture a snake that has just swallowed a rat and you have a picture of the demographic phenomenon known as the baby boom.

The Baby Boom generation was impacted by events such as the Vietnam War, the Cuban Missile Crisis, the assassinations of President Kennedy and the Reverend Martin Luther King, and the music event known as Woodstock. The resulting common characteristics of Baby Boomers are

- *Spenders*—although Baby Boomers have more money than preceding generations in the middle years, they tend to spend it. It is not that they do not save at all, but they save less percentage-wise.
- *Inheriters*—it is anticipated that they will be collecting over \$9 trillion in inheritances between 1990 and 2030.
- *Image-conscious*—Boomers are very image-conscious; perception matters a great deal to them. Cosmetic surgery, designer clothing, careers, and luxury cars are examples of their near-obsession with image.
- *Youth-oriented*—they want to retain their youth. Health, fitness, and laser eye surgery exemplify the Boomer desire to remain young forever.

The Baby Boomers will enter retirement with money saved from their working years and inheritances. They will be able to afford premiums for LTCI. Their preoccupation with image makes LTCI an appealing product because it is designed to help them preserve their dignity and independence. In addition, Boomers are keenly aware of the stigma attached to nursing homes and thus choice of settings for their LTC, if needed, is important to them. Finally, the importance of careers and their standard of living make Boomers appreciate the value of LTCI for their parents.

of LTC. As a result, some of them will be more receptive to buying LTCI, realizing that if they do not act now while they still qualify, their health might deteriorate and foreclose the possibility of obtaining coverage.

People in the ages-50-to-65 market that might make good prospects are those

- with no dependent children in the household (so-called “empty nesters”)
- with few children and/or children that are geographically dispersed
- who have saved for retirement

The Silent Generation

Demographers have labeled people born from 1925 to 1945 as the silent generation.

This generation was impacted by events such as the Great Depression, World War II, and the Korean War. The lives of the Silents were shaped by their parents’ desire to protect them from the perceived dangers of the time. Common characteristics of the Silents are:

- *Private*—they do not like the limelight and making waves.
- *Cautious*—growing up as children of people who had gone through the Great Depression, they were taught not to take risks.
- *Self-reliant*—although they may not take risks, they still want to be independent and self-reliant. They saw firsthand the effects of a mass failure of banks and businesses. They do not want to trust others for their security.
- *Hard-working*—they equate success with hard work. In Horatio Alger fashion, they believe in the ability to overcome obstacles with hard work. The recovery from the depression and World War II may have had an impact on that belief.
- *Frugal*—during the Great Depression, parents of the Silents saved every dime and instilled this value in their children. This frugality has translated into the unprecedented wealth that they carry into their elderly years.

From these characteristics, you can see that the youngest of the Silents are a good target market for LTCI. More than any generation that preceded them, they have the money to spend on LTCI. Their self-reliance motivates them to purchase it. They do not want to depend on their families or the government to take care of them. In addition, the Silents’ desire to leave as much wealth as they can to their heirs is another factor motivating them to purchase LTCI. They do not want the rapidly escalating expenses of LTC to erode the fruits of their labor and prevent them from passing it on to their heirs. These characteristics make them receptive to purchasing LTCI.

Be aware that many people in this market segment face pressure to save both for retirement and for their children's post-secondary educations. In this regard, they face the same challenges as their under-age-50 counterparts. The difference is that they probably have a higher income and thus a greater ability to pay for LTCI.

Over Age 65—Since the advent of LTCI, the over-age-65 market segment has generated the majority of sales. However, studies show that the current trend is toward more sales for the younger market. Because of age-related illnesses and conditions, people in the over-age-65 market experience a higher percentage of coverage declinations than people in the other two market segments. Nevertheless, there are still many healthy prospects in this market segment that can afford to pay the higher premiums required because of their advanced ages.

Prospects in the over-age-65 market segment generally have the same needs as those in the ages-50-to-65 market segment, except that prospects over age 65 are definitely more sensitive to healthcare issues, especially those related to Medicare and LTC. In addition, because the majority of people in the over-age-65 segment are no longer employed, they have a heightened fear that their monthly income and assets are not going to pay for everything. They fear that a lack of money will force them to depend on relatives, friends, or public assistance and limit their access to the quality LTC they want.

Because of their age and retirement status, prospects from the over-age-65 market are much more concerned about protecting and conserving their assets than are younger prospects. As retirees, the over-age-65 prospects are generally not able to add to their retirement nest egg. Consequently, they readily relate to the risks involved in outliving their assets.

Because this market segment is largely comprised of retirees, they have more spare time. Thus they are more deliberate in their decision-making and very receptive to seminars. One topic that makes for a great seminar is Medicare. If you sell Medicare supplement insurance, a seminar could serve a dual purpose because the topic of Medicare can be utilized effectively to also sell LTCI, too.

Other Market Segments

There are many ways to segment a market and each way may shed new light on how best to approach your prospects more effectively. Segmenting your markets in different ways provides you with fresh

perspectives of your prospects, leading to new approach and presentation techniques that could help them better understand the LTC need. Here are some examples.

Couples Versus Singles—Couples and singles buy LTCI for different reasons. For couples, the desire to protect their standard of living is paramount. Should one partner need LTC, the other partner could face impoverishment even though Medicaid qualification standards are less stringent in these situations. Can a couple sustain a \$60,000 per year expense for one of them to be in a nursing home? How would such an expenditure impact the healthy partner?

Some couples may insist that the healthy partner would be the caregiver for the other partner. In their mind, LTC would then be affordable. Do they know just how expensive LTC can be? Have they considered the emotional and physical strain upon the caregiving partner? How would they handle the situation if they discover that the demands of caregiving are too rigorous? How important is it to ensure that the partner needing LTC had the best care they can afford? With LTCI the best care can be purchased with discounted dollars. And, for many companies, a couple can take advantage of a spousal or partner discount.

A challenging situation occurs when one of the partners is uninsurable because couples often decide not to buy LTCI for the other partner who is healthy as well. An experienced advisor who struggled early on with this problem recommends that you prepare the couple

ahead of time if you sense that a declination is possible. For example, you could say to the prospect, “If we find out that you cannot get coverage because of some insurability factor, let’s not overlook your spouse. Let’s get that coverage. Then we can look at other carriers or perhaps try to qualify you later.”

At first glance, single people may appear to need LTCI less than couples. After all, they do not have a spouse to worry about should they need to use their entire retirement savings to pay for LTC. Interestingly, the absence of a partner may actually increase their sensitivity to LTCI because they are more aware that there is no one there to care for them should they need it. Who

Talking to Couples about LTCI

Here is one financial advisor’s approach to couples about LTCI:

“Did you know that one out of every two people will need LTC? Perhaps you have already seen it in your family because your mother had to take care of your father, or vice-versa.”

To the woman: “If he had a stroke today, could you lift him?”

To the man: “Would you want her to?”
“Let’s talk about LTCI.”

will care for them? What quality of care do they want and how much will it cost? Is it possible for them to outlive their assets paying for LTC? Being alone causes a whole different set of concerns to arise. Furthermore, single people with children may want to preserve an inheritance for them.

Women—LTC has been branded a women’s issue (for example, see the government’s “Women and Aging Letter” found on the Administration on Aging’s Web site at www.aoa.gov/elderpage/walltc.html). Consider the following statistics from the California Partnership for Long-Term Care (CPLTC) Web site.

- Women live longer than men by an average of 7 years.
- Women comprise 60 percent of the population that is age 65 and older.
- Women tend to marry men older than themselves. Seven out of 10 “baby boom” women will outlive their husbands.
- Women are nearly twice as likely to spend time in a nursing home.
- Women are nearly twice as likely to live in poverty.
- Women comprise about 75 percent of the 7 million informal caregivers in the United States.²

Also consider the following statistics from the U.S. Department of Labor Pension and Welfare Benefits Administration:

- About three-fourths of nursing home residents are women.
- Two-thirds of home care consumers are women.
- The average woman could spend 17 years caring for a child and 18 years caring for a parent.
- Among those who reach 85 or older, 75 percent are women.
- At age 85 or older, women account for four out of five individuals receiving help for two or more disabling conditions.³

These statistics have prompted the branding and subsequent promotion of LTC as a women’s issue. They are why there are events like a bipartisan Mother’s Day rally to lobby for better tax incentives for LTCI. They are why more print and web articles about LTCI are being published for forums that target women. Take advantage of all this free publicity touting LTCI for women.

“Women are on the Titanic. The iceberg of caregiving is only a few miles away” —Phyllis Shelton, President of LTC Consultants

Women and LTCI

The statistics point to LTC being a women's issue. Intuitively, women recognize this fact. The following comments from three successful advisors support this notion:

Advisor 1: "I am finding single women are the most receptive to buying LTCI, especially those in their 50s. They are alone and afraid."

Advisor 2: "Traditionally, women have been the caregivers for their children and parents. Because of this, they are more realistic about the emotional and financial stresses of providing LTC for someone. When working with couples, I have found that the women motivate the men to buy LTCI because most men think, 'My wife will take care of me.'"

Advisor 3: "Just as a general observation, I have found that women make the decisions on LTCI. It is the men who still believe that they are invulnerable, that nothing is going to happen to them. A wife intuitively knows that her husband is going to need LTC first and that she's going to end up taking care of him."

In targeting women, there are some interesting facts to note. First, women, because of their longevity, have a greater exposure to LTC than men. Their longevity means that they have a much greater probability of needing care for themselves and of providing care for their husband. This situation contributes to the disproportionate numbers of elderly women living in poverty. Whether dealing with a single or married woman, find out how she plans to insure against this possibility.

Second, unless the caregiving trends change, women have a much higher probability of caring for an elderly parent or relative than do men. How will such caregiving impact them physically, emotionally, and financially? What salary will they forego? What career opportunities will they sacrifice?

Third, women and men tend to buy LTCI for different reasons. Women typically purchase LTCI because they do not want to be a burden to their loved ones—probably because they have personally experienced the demands of caregiving. In contrast, men

typically purchase LTCI to preserve assets.

Business owners—Because of the Health Insurance Portability and Accountability Act (HIPAA) passed in 1996, a business owner has possible tax deduction incentives for purchasing LTCI. While there is a tax advantage for any small business owner to purchase LTCI, the owner of a close C corporation benefits the most. The opportunities in the business market are covered in greater detail in chapter 8.

Wealthy—The biggest mistake financial advisors make when dealing with wealthy prospects is to assume that they want to self-insure, overlooking the underlying emotional nature of the LTCI sale. A prospect's motives for buying LTCI do not change just because he or she has a lot of money.

A point often made is that most wealthy people still purchase automobile and homeowner's insurance even though they could self-insure. What this reflects is that many wealthy people prefer to transfer risks because they do not want to pay for losses, dollar-for-dollar, out of their own pocket. The reasons for such feelings are many. For instance, they may feel that paying for LTC is not a good use of their hard-earned money and that their money should be inherited by their children or grandchildren, or gifted to a foundation or charity. As always, it is a question of what prospects value most when prioritizing the possible uses of their money.

In addition, to self-insure would mean setting aside a large sum of money (since it is not known when care would be needed or, if needed, for how long) that they could not use for other purposes without jeopardizing its role as an insurance fund for LTC expenses. An open-ended risk does not sit well with even those who have means.

As with any prospect, exploring values, goals, and dreams is an effective way to uncover possible needs for LTCI. With wealthy prospects, it is no different. They may still desire to protect their children from having to provide any type of care for them. They may still be concerned about receiving the best possible care in the desired setting. For these reasons, approach them with an open mind. Do not assume anything.

Other Cultures—As more of a footnote, be aware of the differences that you may encounter when working with prospects from differing ethnic and cultural backgrounds. For example, in Asian and Latino communities, children are expected to care for their aging parents. While this objection may seem insurmountable, it may turn out to be an unexpected motivation for buying LTCI. In these situations approach the adult children of the prospects. As these children express their sense of responsibility for the care of their aging parents you can ask questions that will help them see how buying LTCI does not conflict with their values. Instead, buying LTCI can reflect their values and can make honoring them possible. It also can ensure that the parents receive quality care in any setting

Working with Wealthy Prospects

One advisor gives his input on working with wealthy prospects:

“When I encounter higher-net-worth prospects (\$2 to 4 million), I work through the self-insuring theory. It depends on the prospect's age and the cost of the LTCI, but quite often the total possible expenses make it not worth it to self-insure. They are smart enough to see that. In addition, I point out that market downturns do happen and can wreak havoc upon a plan to self-insure.”

desired, including in the home of one of the adult children. Ask the adult children a series of motivating questions like the following:

- What type of care do you want your parents to have?
- Where do you want your parents to receive it?
- What if your parents need medically necessary care? How much would it cost? Can they and/or you afford it?
- What plans do you have to handle such contingencies?

In many situations where the adult children feel responsible for the care of their parents, they will also be willing and able to pay the premiums.

Targeting a Market

Market segmentation is a powerful marketing strategy that allows you to customize your approach and presentations based on the common needs and characteristics of the prospects in the segmented market. If you can find a market segment that has a communication or network system, then you have a target market. The communication system can be formal such as a newsletter or regular meeting, or it can be informal, such as word-of-mouth within a tightly-knit ethnic community. Either way, the communication system or network provides the means by which your reputation as a professional advisor can precede you. In other words, before you personally meet with any prospects in a target market, they will know about your abilities as a financial advisor.

Targeting Markets for LTCI—Because of the nature of LTC, LTCI can be marketed successfully using age-based market segments as “makeshift” target markets (age-based market segments are very broad and lack a communication system and for that reason do not technically qualify as a target market). Many successful advisors do this by targeting narrow but specific age ranges. For example, one successful advisor targets prospects ages 55 to 65 because most of them are probably empty nesters who are focused on retirement.

An extension of the age-based target market theme is when advisors target people in a specific, but narrow, age range who are also members of an association, service organization or club. The ideal situation occurs when the majority of the membership is in the chosen age range. For example, if an advisor wants to target prospects age 50 to 65, he or she may consider targeting a service organization (such as the Rotary,

Jaycees, Kiwanis, and so forth) or club (such as a VFW, Elks, or a country club) in the community that has a sizeable membership of people in the desired age range. Besides age range and membership, other common characteristics of the prospect group, such as a narrow income range, could help in establishing a new target market. If you use this method for targeting a market, you will need to develop a list of desirable characteristics that you want the prospects to possess to guide you in the process of establishing the new target market.

For many advisors, LTCI is just one of several insurance and financial products they sell, so they position it in a manner consistent with their current target market's view of them as advisors. For instance, if an advisor works as an estate planner for businessowners making \$100,000-\$500,000 per year, he or she will want to position LTCI as an estate preservation tool. Likewise, if an advisor's target market is teachers in a large city, he or she will want to position LTCI as a strategy for safeguarding their retirement nest egg. Similarly, financial advisors selling property and casualty insurance will want to position LTCI as a piece of their prospect's overall insurance and financial plan.

Target markets enable you to focus on the unique needs of your prospects. Such focusing will foster not only your reputation within the target market as an expert in LTCI or in insurance and financial products in general, but it will also allow you to better understand your prospect's needs. With this knowledge, you will soon discover the efficiencies of tailoring a marketing strategy for a large number of prospects with common characteristics and needs.

Prospecting

Once you have identified a few target markets or market segments, the next task is to select prospecting methods that will effectively create a stream of prospects from these markets. In this section, we will review some general prospecting and preapproach strategies that you can use to

Target Markets

One advisor found that his direct mail campaign discovered a target market that he was unaware of. As it turned out, a sizeable number of the prospects who responded were professional caregivers who work with LTC recipients. These professionals make excellent prospects because they understand the financial and emotional plight of many of the uninsured LTC recipients. In similar fashion the following market segments could make excellent target markets or centers of influence for you.

- Medical personnel—nurses, doctors, and therapists
- Eldercare attorneys
- LTC providers—nursing home administrators and home health care workers
- Social workers

Asking for Referrals at Policy Delivery

Here is one advisor's referral script that he uses at the end of his policy delivery presentation:

"Do you feel you have a good understanding of LTC and how your LTCI policy works? Did I do a good job of educating you? Isn't this a product you would want your family and friends to have, too? Mr. and Mrs. Client, I gain many clients through referrals. If you know some people (such as a friend, relative, or work associate) who are either looking into LTCI or should be looking into it, I would love to help them. Would you please refer them to me?"

you because of the enthusiastic recommendations that satisfied clients make to them. Until your practice evolves to this level, you will have to ask for referrals.

Parents Referring Adult Children

Many of my older clients have adult children who are between 55 and 60 years old. Often these clients will refer their children to me. To get them to make these referrals, I use a very simple method.

First, I use small talk during the rapport-building part of the interview to learn whether the prospect has children and if so, how old they are. This topic usually comes up quite naturally.

Then when I deliver the policy, I bring a rate quote for the age of the client's oldest child. When I show it to the client, his or her response is usually, "Wow! That's cheap!" And I will say, "Yes, and that is why your children should be looking into LTCI now. Do you mind if I give them a call?"

identify and precondition prospects for approaching them about LTCI. What works will depend on your specific market, as well as your personality and skills.

Prospecting Methods

There are many different prospecting methods. We will provide a brief overview of some of the more popular ones that successful advisors have used to sell LTCI.

Referrals—Successful advisors have found referrals, or recommendations, to be a very efficient and effective means of generating an endless list of prospects. Referrals are people to whom you are introduced by someone who knows and values your work. In their highest form, referrals are unsolicited and the prospects come to

you because of the enthusiastic recommendations that satisfied clients make to them. Until your practice evolves to this level, you will have to ask for referrals.

It is advisable to pave the way for referrals early on in the selling process, preferably during the initial meeting. Create the expectation of receiving referrals if the prospect appreciates what you do for them. For example:

"Mr. and/or Ms. Prospect, as we work together, if you find what we are talking about to be important and valuable, then give me the opportunity to meet with people you know and care about so that I may help them, too."

Then, when you ask for referrals it will not surprise the prospects. The best time to ask is when the prospect indicates an appreciation for you and/or LTCI. It could be as simple as, "I'm so glad you showed me that. I always thought Medicare would pay for LTC." Obviously, if the prospects purchase LTCI policies from you, they

have demonstrated an appreciation for the product. However, even if the prospects do not buy policies, ask them about the value of the process. If they have a favorable opinion of you and the process, ask for the referrals.

“Ms. Prospect, I know you have decided that you do not need LTCI. May I ask what, if anything, in this process you found to be of value? [Wait for a response.] “That’s great. I am glad I could help you clarify the issues of Medicare and Medicaid. May I ask who you know who might also benefit from this type of advice?”

Of course, if your prospects have parents who may be eligible for LTCI, you can specifically ask for their names.

“Mr. Prospect, although I disagree with your waiting to buy LTCI, I respect your decision. I am glad, however, that you see the need for LTCI. LTC is a catastrophe waiting to happen. I was wondering, do your parents have LTCI yet? Do they live in this state? Would it be okay if I met with them?”

When you ask for general referrals (that is, when you do not specifically ask for the name of the prospect’s parents) try to help the prospect identify people you would like to meet. Describe the kind of person who would make a good prospect by providing details such as:

- Age range
- Income range
- Occupation types
- Living situation (for example, older single females or childless couples)
- Health (that they are healthy)

As always, remember to follow-up on referrals by providing an update to the referrer to let him or her know how the meeting went.

Children Referring Their Parents

When I get resistance because a prospect feels it is not his or her time to buy LTCI, I pivot to another product. Once I have completed any sale that results, I transition to LTCI for their parents:

“Do your parents live in this state, or are they out of state? Where are they located? I would like to talk to them. The reason I need to see them is to protect your income and lifestyle. If anything happens to your parents and they do not have LTCI, either you or they will pay the costs for LTC. It makes more sense for you to write a \$193 check each month to ABC Insurance than to write a \$3,953 check each month to the Shifting Sands Nursing Home. Would it be all right if I call your parents?”

Center of Influence (COI)—By definition a *center of influence* is an influential person who knows you favorably and agrees to introduce or recommend you to others. A client may become an effective center for you, just as a center may become a client, but this is not necessary to the relationship you need to establish.

In general, you will find that COIs

- are active in a community or sphere of influence
- are sought out for advice by the community or within their sphere of influence
- seek to communicate with others
- are givers, not takers

Good COIs know the people in your target markets regardless of their occupation or profession. However, some occupations and professions deal directly with your target markets and finding COIs in these occupations and professions could prove very profitable. Examples include:

- eldercare attorneys
- CPAs
- fee-based financial planners
- advisors who sell non-competing lines of insurance (for example a property and casualty agent)
- health care providers
- clergy
- senior activity center coordinators
- members of a golf club
- members of a volunteer organization

Once you have identified some possible COIs, you will need to set up meetings with them. Write and practice a script if you do not know them very well.

One strategy for you is to approach the COI by explaining how the meeting will benefit him or her. For example you might approach a non-competing advisor by saying, “Pat, you have a great reputation in the community and I would feel comfortable referring clients to you. I would like to get together with you to brainstorm ways we can help each other build successful practices. Would breakfast sometime next week work for you or would a lunch be better? My treat.”

In contrast, you could approach a community leader by explaining how the meeting will benefit the community. You may say, “Kim, you really command the respect of the seniors in this community. One of the critical questions many seniors are asking is ‘How do I pay for LTC?’ Unfortunately, many people are making decisions about LTC based on inaccurate information. I would like to discuss this issue with you, along with ways you could help the seniors in this community make well-informed decisions. I am not going to try to sell you anything; I only want to show you how I can help you help the community. Would next Wednesday be a good day to meet, or would another day work better for you?”

Your meeting with a COI is as important as a sales appointment. Therefore, plan your presentation. Keep it brief and consistent with your approach. For example, if you are meeting with a community leader, the goal of your presentation is to show the COI just how he or she can help others by referring them to you. Your approach to accomplish this objective may include the following steps:

- Share the impact that the LTC crisis will have on people needing it and upon society in general.
- Illustrate the impact with any personal stories.
- Demonstrate how LTCI can prevent this disaster for many people and reserve Medicaid for those who truly need it.
- Provide the COI with some practical actions that he or she can take to help.

You will probably want to ask the COI for names of qualified prospects. If so, have a brief written description of how to identify qualified prospects. Although referrals are important, you may find other ways the COI can help you. For example, if the COI is a leader for a senior community service organization, you can approach him or her about doing an educational presentation for the rest of the organization. Be creative.

Networking—*Networking* is the process of continuous communication and the sharing of ideas and prospects with others whose work does not compete with yours. In turn, their clients might also be shared with you and become your clients.

Most networking groups have the same general rules. Membership is limited to one person from each type of sales background, whether

insurance, real estate, stock brokerage, or some other sales profession. Each person attending the meeting is required to bring a prescribed number of names. For example, the real estate agent member of the group just sold a house located in an over-55 community that she represents exclusively. She gives you the name of that person as a prospect who may be interested in LTCI. On the other hand, your client has expressed a desire to live in an independent living or retirement community and thus would be a good prospect to share with the real estate agent.

If you can find an existing networking group in your community, it might be worthwhile to investigate joining it to provide you with a steady stream of prospects.

Seminars—Some advisors have found that seminars are an extremely effective way to prospect, especially in the senior market. Seminars enable advisors to accomplish two key objectives. First, seminars are a means to present LTCI to several prospects at one time, resulting in less time needed to conduct one-on-one interviews. Second, seminars cast financial advisors as the experts, especially if they play a significant role in the presentation. Many successful advisors in the LTCI market use seminars as their main prospecting tool. We will discuss the hows and whys of seminars in the next section of this chapter.

Cold Calling—Many advisors avoid cold calling because they do not want to be seen as telemarketers. However, many experienced advisors still use this prospecting tool with excellent results. The key to cold calling is the list of prospects. Advisors who have success with cold calling use lists to select prospects who likely would have an interest in LTCI—for example, a list of AARP members. Some companies provide lists to their advisors through market segmentation programs; check with your company to see if one is available. Otherwise you will want to buy one from a reputable vendor.

When dealing with a vendor, exercise caution. Here are some points to keep in mind:

- Select lists that reflect your target markets.
- Check to see how recently the data was collected.
- Make sure that the list has current phone numbers.
- Verify the source of the leads.

- Make sure that the list has been “scrubbed.” This means that any “do not call” and undeliverable names have been eliminated.
- Check to see if duplicate entries or incomplete names have been deleted.

One final thought on cold calling lists: Keep good records so you can evaluate the quality of the leads and compare different vendors until you find the one that gives you the best return on your investment.

Preapproach

The purpose of a preapproach is to create awareness of who you are and interest in your products. You want to precondition your prospects to meet with you when you call them. They will be less apt to do so if they have no idea who you are and what you can do for them.

How do you feel when you receive a cold call? If you react like most people do, you are suspicious and defensive and do not listen to what the caller says. You are too busy thinking, “Who is this, how did he get my number, and how can I get rid of him?” Compare this scenario to receiving a call from a CPA you met briefly at a wedding or who sent you a postcard introducing herself as “a CPA for insurance advisors, helping them to maximize their tax breaks.” Are you listening? Use the preapproach to make your prospect curious—this can be done in many different ways. We will discuss some of the more standard preapproaches. The ones you use will depend on your target market, your prospecting methods, and your creativity.

Direct Mail—Direct mail is one of the more common preapproaches because it is an easy and relatively inexpensive way to precondition prospects to be receptive when you call them. It allows people to see your message who otherwise might not be looking for your name in the telephone book or see your billboard advertisement. Furthermore, you can use direct mail to customize your message to different target markets. For example, you may send prospects ages 45 to 65 a

Using Direct Mail with a Giveaway

One advisor’s company offers a giveaway that requires interested prospects to mail a tear-off response card back to the advisor, providing their names, addresses, and telephone numbers. Then the advisor contacts them to set up a time to drop off a copy of the promised material. Here is the advisor’s script:

“Hello, Prospect, my name is Jeff. I’m calling for XYZ Company. I’m following up on the information about LTC that you requested. I’m not a telemarketer; I’m an advisor with the company and I have been for years. I would like to stop by and give you this information. I am going to be in your area on Tuesday and Wednesday of this week. All I want to do is give you the information you requested, and take a couple minutes of your time to talk to you about LTC and answer any questions you might have. Would the morning be good for you, or would the afternoon be better?”

postcard that talks about LTCI as a major component of a retirement plan. For prospects under age 45, you may instead send a postcard that talks about the LTC needs of their parents.

Your company may have a direct mail program that requires you to supply the list of prospects you want to approach, select the particular letter you wish to send, and to choose a giveaway offer if desired. Although the giveaway offer could be a remembrance item such as an atlas or a coffee mug, a better choice would be a booklet, book, or video on LTC.

As mentioned when we discussed cold calling, many companies also offer market segmentation programs that allow advisors to create a list of prospects who meet specific criteria. Examples of often-used criteria include marital status, age range, income level, zip code, home ownership, phone number available, and so on. Consider a reputable vendor if you are dissatisfied with your company's options or if your company does not offer this service. Some vendors also have customizable direct mail pieces that they will send for you. Whether you use a direct mail piece from a vendor or one of your own, remember to have them approved by your company's compliance area before you send them out.

Here are some additional tips for a direct mail campaign.

- If you are working with a list of prospects you have generated through referrals, centers of influence, and casual meetings, make sure the names are spelled correctly.
- Before you purchase a list, check the undeliverable rate. Also check to see if the vendor uses a 5- or 9-digit zip code (5 digits have a greater chance of being undeliverable).
- Select a letter that matches the type of prospects on your list. Be conscious of both the content and the layout. For example, some companies use larger fonts for seniors.
- The letter should be short. The main paragraph that creates interest should be no more than three or four sentences; otherwise people will not read it.
- Try using postcards. Many people do not open "junk mail" but they will take time to read a postcard.
- Use stamps rather than metered mail (no stamp). Metered mail to most people is perceived as "junk mail."
- Try the "wave" mail technique, which involves sending several pieces of mail to the prospect over a period of time. For example,

you may send three or four mailing pieces over a 3 or 4-week period, or perhaps over a 12-month period. Direct mail results show that people often respond between the third and sixth time they have seen a letter or an idea.

- Follow-up direct mail with a phone call; it gives you an excuse to call. In the “wave” mail technique, wait and call after the prospects have received a few mailings from you. The mailings will help the prospects feel that they know who you are and as a result they will be more receptive to your call.
- Track your leads to monitor the effectiveness of your direct mail and other preapproach efforts.

Building Prestige—Prestige, or reputation, is your personal public relations campaign. It is your standing or esteem in the eyes of others; it is the position or influence you command in people’s minds. A good reputation increases the probability of approaching prospects on a favorable basis. Therefore, take great care in building and maintaining it. In general, make professionalism a priority. For example:

- Dress professionally but not showy.
- Keep your car and office clean and organized.
- Build your knowledge of LTC and LTCI. Consider earning an industry-recognized designation.
- Be approachable and personable.

Furthermore, implement a strategy that will publicize your reputation, especially to your target markets. You want as many people in your target market to know you as the expert on LTCI. For example, if you target the senior market, sponsoring a little league team would not be part of your strategy. However, teaching a personal finance class at the local senior center would be an excellent prestige-building activity. Here are some other prestige-building ideas.

- Advertise on local radio stations. Select shows and stations that appeal to your target market. For example, Saturday with Sinatra would be a good radio show on which to advertise if you are targeting prospects over the age of 55.
- Advertise in local papers.

- Make yourself available to the local media. Alert journalists that you are knowledgeable about LTC issues and would be willing to provide expert information and quotes.
- Give back to your community in ways that both you and your target market value.
- Leave LTCI brochures (with your contact information on them) in places people from your target markets frequently get free information—for example, doctors’ offices, train stations, and credit unions.
- Educate key advisors, such as attorneys and CPA’s, who work with your target markets.
- Work with a local paper to publish achievements such as receiving your LUTCF, CLU, ChFC or CFP™ certifications.
- Join a local organization that addresses the impact LTC has or will have on the community.

Using a Preapproach with Referrals

An excellent preapproach strategy is to ask clients to introduce you to the referred lead. If the client cannot arrange a face-to-face meeting or telephone call, then ask the client if he or she would be willing to write a note of recommendation for you on his or her personal letterhead or stationery. One advisor recommends carrying around samples of what to say in case the client does not know what to say. The note should be short and simple such as:

Dear John,

Kelly shared with me some great strategies about protecting my retirement nest egg. She could help you, too.

- Mark

Then you send the note with your personal letter introducing yourself and the services you provide, and letting the referred lead know that you will be calling him or her. Send the letter in a hand-addressed envelope with a regular postage stamp. This will ensure it is opened and read.

10-Second Commercial—Socializing provides an excellent way to create awareness and interest in what you do. One opportunity is to have well-thought, customized responses to the question, “What do you do for a living?” Have a short response that is relevant and interesting to the person to whom you are talking. A response like, “I sell LTCI” tells the person how you make money; it also tells the person specifically what you can do for him or her. However, it is not interesting or attention grabbing.

Contrast such a response with the following example: If you were talking to a 55-year old married man, you could say, “Do you know what conservationists do?” (Answer: They preserve the environment.) “Well, I do something similar with retirement nest eggs. I help couples, like you and your wife, put plans into place that preserve their retirement savings from the costs of LTC. Do the two of you have a plan like that?”

The conversation should be different if you are talking to a 65-year old retiree. You might say, “Are you familiar with Medicare and Medicaid? (Answer: Yes, or No.) I help people like you maximize their health coverages by coordinating these government health programs with insurance like Medicare supplement and LTCI. Would that interest you?”

Here are some tips for creating a commercial:

- Ask a “positioning” question that is relevant to a prospect’s need for your services. The question positions your response to be a solution to a problem or question that they might be asking.
- Follow up with your 10-second commercial, stating your value in terms of the results you achieve for your clients.
- Be creative and make it interesting, but follow your company guidelines. You may be restricted in the way you describe your work. Because of today’s compliance issues, exercise caution and do not misrepresent the products you sell.
- End with a question that measures the prospect’s interest.
- Have a business card with you to give the prospect if you feel it is appropriate.

The key is to customize your commercial to the prospects and refer to a need that they might have. By doing so, you are not only creating awareness about your products and services, you are creating interest—and interest will get you an appointment.

Résumé—Some financial advisors use a résumé as one of their preapproach methods. The résumé is a one-page self-promotional piece that introduces the advisor. Some advisors create their own résumés and then reproduce them using a local printing company. Other advisors use a vendor to design and print them. The goal is to impress potential clients, so do not let price be the only consideration.

The self-promotional piece includes information such as:

- Name and contact information
- Short biography
- Credentials (designations, experience, and so forth)
- Services
- Products

All of this is printed on high quality paper; some advisors use a glossy finish. Some advisors send résumés to referred leads along with a cover letter that tells them to expect a phone call. It is also an appropriate handout to give new prospects as part of your introduction when you meet them for the first time. Make the résumé a part of your sales presentation binder.

As always, your résumé needs to meet your company's compliance standards.

Approach

Generally, advisors use the telephone to approach prospects for sales appointments. This section will review some of the basics of effective telephone approaches and include a discussion on prequalifying prospects during the appointment-setting call. However, since many advisors view LTCI as one of several products they use to meet a client's financial and insurance needs, this section also looks at pivoting to LTCI after selling another product.

Telephone Approach

The Objective—Your objective is to introduce yourself to the prospect and set the appointment. Obviously, you will not need to introduce yourself to an existing client, but you will want to re-establish rapport if you have not spoken to him or her for some time.

Sometimes a prospect or client may ask you a question related to the product. One you probably hear often is, "How much does it cost?" Some advisors cannot resist the temptation to answer these questions

Multi-line Advisor to Existing Clients

Multi-line advisors have access to a slew of qualified prospects through their existing client base. LTCI may be a new product for the company or simply a product the advisor had not previously marketed. Either way, here is an approach that will work:

"Hello, this is your insurance advisor, Kelly Smith. How are you today? I wanted to let you know that I can now meet your LTC needs through LTCI. I thought this might be something that would interest you. Let's get together to review how LTCI can help you maintain your retirement savings and lifestyle. Would some time this week work for you or would next week be better?"

over the telephone. Resist it. Save such answers for the interview; you simply want to get the appointment.

System—You may already have a system for setting appointments. If you do not, now is a good time to make one. A system ensures that appointment setting is done effectively. It is critical especially if you delegate the task of setting appointments to an assistant. A system provides you or your assistant with clear expectations and a game plan that will increase confidence and improve results. Here are some points to consider as you create or modify your system:

- *Use a telephone script*—Write and practice your telephone script. Your script should reflect the needs and characteristics of your target markets. In addition, the script will vary depending on the source of the prospect and the preapproach, if one was used. For example, if you approach a referred lead, you would want to mention the referrer’s name.
- *Coordinate logistics*—Plan a specific time to make your calls. Have a goal for the number of appointments you will make based on your sales, commission, and/or fee goals. Maintain a prospect list of names, telephone numbers, and addresses (to confirm where the appointment will be).
- *Follow the laws*—Follow federal and state laws concerning telemarketing. For example, keep and observe a do-not-call list and abide by the call curfews set by your state.
- *Use good telephone techniques*—Smile, project your voice, and enunciate your words. These are just a few of the many suggested techniques.
- *Track your results*—Record keeping enables you to evaluate your prospect list and your target markets. Without adequate records, you may miss a target market because you are relying on “feel” to measure results rather than objective numbers.

Follow-up to a Mailing

“Hello, this is Tom Smith from DEF Company. I recently mailed you a letter pertaining to one of the hottest issues in the financial and insurance industry today. It’s LTCl. I would like to get together with you and just explain what LTCl is and how it works. Is an afternoon good for you or do evenings work better?”

“Hello, this is John Doe from XYZ Insurance. Recently I sent you some information on LTCl. Really what we ought to do is set up a time to visit about it. It may or may not be appropriate for you but come in and visit with me or you won’t know. It’s certainly worth your time to learn some of the facts about LTCl. Would next Tuesday work for you, or would Thursday be better?”

- *Confirm the appointment*—Send a letter, post-card, and/or call the prospect to confirm the appointment to prevent being stood up.

Writing a Script—Many advisors balk at the words *telephone script*. They feel a script will restrict them or cause them to sound mechanical. Actually, the opposite is true. Scripts help you feel more comfortable and enable you to project a more confident phone personality. They free you to focus on the prospect and listen for clues to gauge his or her level of interest. In addition, they help you repeat success and diagnose failure.

A good script is short and creates interest. For example:

“Good afternoon, Prospect, this is Joe Advisor from ABC Financial. I will only take a moment of your time. I work with people like you who are thinking more and more about retirement. I help them understand the challenges they could face during their retirement years and how they can prepare for them by carefully planning now. I would like to meet with you to review some strategies involving insurance products that can help you protect your standard of living throughout your retirement. Would some time during the day work for you, or are evenings better?”

If you do not have a script, here are some of the basic elements of a good script. As always, remember to follow company guidelines and get any necessary compliance approval.

A Greeting—You want to make a good first impression.

- Open your conversation with something upbeat like, “Good morning/Good afternoon.”
- Identify yourself and the company you represent.
- Consider adding a phrase such as “I will only take a moment of your time.” This demonstrates that you are sensitive to their busy schedule.

Create Interest—Remember, you are trying to motivate prospects to see you.

- Tell why you are calling.

- Give a unique benefit statement that describes the results you create for people like the prospect (your target market).

Ask for the Appointment—This is why you are calling.

- Explain the purpose of the meeting in terms of the results you hope to achieve for them.
- Personalize these results.
- Avoid using the word appointment. Use meet, see, or get together.

A Closing—As they say in gymnastics, “stick the dismount.”

- Give or get directions depending on where you will meet for the appointment.
- Reconfirm the appointment and affirm your desire to meet the prospect.

Asking Prequalifying Questions—Many successful advisors prequalify prospects once they have agreed to an appointment. Others wait to prequalify during the initial interview. When you prequalify, your prospects will depend on your type of practice and your personal views on this matter. For example, if you have multiple products, prequalification before the initial interview is not as crucial because you have other products to satisfy other needs the prospects may have. Even so, having prequalification information before you hold the sales interview could save you from raising the prospect’s hopes only to dash them when you find out he or she is uninsurable. Such a scenario is not only bad for the prospect it could damage your relationship with him or her. Thus, prequalifying before the initial interview will allow you to prepare a smooth transition to other needs and products and avoid this situation altogether.

If you decide to prequalify before the initial interview, the next step is to decide what information you need to know and build a script. What questions you ask will depend on your philosophy of prequalification. For instance, one advisor prequalifies for age only. His philosophy is that although LTCI is his main product, it is not his only product. He can pivot to a discussion of the prospect’s possible need for an annuity or life insurance. Even so, he cannot help anyone over the age of 85. If he

detects that the person might be over age 85, he will ask them, “How young are you? You sound like you are 65.”

Other advisors prequalify for health as well. The transition from getting the appointment to asking the prequalifying questions needs to be smooth—that is why a script is important. One commonly used transition is: “I know your time is valuable. In order to save some time, it would help for me to know some basic information about your health and medical history. I am going to ask a few general questions, will that be okay with you?” Once you have transitioned to asking the prequalifying questions, keep them short and general. Here are a few different questions successful advisors ask:

- How is your health?
- What medications are you taking?
- What surgeries have you had?
- Can you tell me a little about your medical history?
- Are there any medical problems you manage daily?

Still, other advisors ask more than just health questions. Some will ask questions to identify other people who will influence the prospect’s decision, such as children or a CPA. If these advisors find that there are other people involved in the decision-making process, they will ask for them to be present at the interview. Here are a few of the questions they ask:

- Do you have any children? How many? Where do they live?
- Do you rely on anyone to help you make decisions about finances and insurance? If so, who?

Finally, have a short close scripted that you can use to let the person down if you know he or she will not qualify. This takes the utmost care and sensitivity. You do not want them to feel bad. An example script might be: “Prospect, I am really sorry but it looks like from the health information you gave me, we will not be able to help you at this time. I highly recommend that you consider seeing an attorney or another advisor who specializes in alternative strategies for meeting LTC needs. I can recommend a few attorneys if you would like.”

For more information on prequalifying during the initial interview, see the section in chapter 4 titled, “Qualifying Prospects.” It covers some

techniques for prequalifying during an initial interview that can be used over the telephone, too.

Pivot Approach

If you walk into a computer store to purchase a computer, a good salesperson will ask questions to understand your needs. For example, she will probably ask you how you plan to use it. Your answer will help her suggest the right system. In the beginning her focus is upon finding you the right computer. Throughout the process she gathers information about your total needs and, when you finally decide on your system, she will begin to ask about other computer equipment like a printer or a monitor upgrade.

The conversation might sound something like this: “You have made a great choice. I really think the Orange 2000XP is going to meet your needs. Since you are going to use it for graphic design, I was wondering what type of graphics printer you plan to use with it?”

This is an example of a good pivot or transition. It uses previously shared information as the context for asking a question relevant to another product. Pivoting can occur from any type of product sale. Most likely, you will discuss LTCI as a part of a retirement or estate planning discussion. But if you are a property and casualty advisor or an advisor who is working the income replacement market, you will have the opportunity to pivot as well.

How and when to pivot are going to depend on factors such as what type of product the prospect bought from you (or did not buy from you), your personality, and so forth. Try to use something from the previous discussion to lead into the LTCI approach. Furthermore, pivot when there is closure to the previous discussion. For instance, one of the best times to pivot is when you deliver a policy. After you have reviewed the policy and other important information, you could say:

“Prospect, you have made a great choice to buy this life insurance policy. You are really thinking and planning ahead. Since you seem to be the planning type, I was wondering, have you thought about your plans for the time when you or your parents may need ongoing care? What do you know about LTC? Have you ever been in a situation where a neighbor, friend, or family member has needed LTC?”

When Your Health Changes

I typically ask at some point during every annual insurance review, “What are your plans when your health changes and you need ongoing care?”

If your prospect responds affirmatively to the last question, ask him or her to tell you about it. Then you can simply ask for the appointment. For example: “That is a compelling story. Stories like that are the reason I want to make sure you are aware of the issues and solutions to the rising costs of LTC. Can we get together next week or another time convenient for you to discuss this?”

If your prospect has not had an experience where someone he or she knows has needed LTC, then tell him or her about your experience (if you have had one) or share a story from the newspaper. Keep it brief and then ask for the appointment.

Summary

Successful selling begins with effective marketing. Defining target markets for a product enables you to create efficient and effective preapproach and approach strategies that are customized to appeal to the needs of your prospects. As you begin marketing LTCI, treat it as any other product you sell and take the time to define your target markets and strategy, including details like your telephone and pivot scripts. The execution of a well-thought plan will enable you to take advantage of the marketing opportunities in LTCI sales.

Notes

1. See page 10.
2. <http://www.dhs.cahwnet.gov/cpltc/html/consumer.html>. July 1, 2002
3. <http://www.dol.gov/dol/pwba/public/adcount/report2.htm>. June 18, 2001

Seminars

Seminars are a form of mass marketing. Although classified in this text as a prospecting method, seminars do more than help you identify prospects. They create awareness and interest in your products and services, and serve to establish and build your reputation as an expert in LTCI. In these ways, seminars function as a preapproach as well.

Think of seminars as live infomercials that educate people about the LTC need and motivate them to want to know how LTCI can help them. Because of the educational and motivational aspects of seminars, they are an extremely effective way to obtain appointments. Not surprisingly, in one study insurance advisors who were classified as “high earners” ranked seminars as the third most effective marketing tool for reaching targeted prospects, just behind referrals or centers of influence and the effective use of newsletters and brochures.

The general success of seminars and, specifically, the success that advisors have had using them to sell LTCI are why the text provides an in-depth look at this prospecting method. This section will discuss the advantages of seminars, some planning considerations, presentation tips, and the most important aspect—follow-up.

Advantages

Seminars are a popular prospecting method for LTCI because they appeal to the demographics most interested in LTCI: people age 50 and over. But there are other reasons why you should consider using this prospecting method.

Use Time Efficiently

Seminars enable you to present yourself and your products to a larger number of prospects at one time. This will inevitably shorten the amount of time you will need to spend discussing the topics covered in the seminar when you meet with the prospects individually. For example, if the

Time Is Money

One successful advisor gives his reason for prospecting using seminars: “I prospect almost exclusively through seminars even though they require a lot of effort and expense. I justify them because I view the seminar as the initial interview that establishes the need for LTCI in the minds of a group of prospects. So, if I have 20 people in the seminar, I am able to do at least 10 initial interviews (this assumes I have a group of married couples) in the time it would take me to do one. As they say, ‘time is money.’”

seminar covers Medicare and Medicaid and disqualifies them as sources for funding LTC, you will probably not need to cover this in your one-on-one interview with each prospect.

Meet Prospects in a Nonthreatening Way

In a sales interview, you ask prospects many questions, some of which are very personal. Many prospects are reluctant to give their financial and health information to someone they do not know too well. Seminars help such prospects to warm up to you because they do not have to share any information. They can listen to your presentation of the issues without feeling vulnerable, allowing them to learn more about LTC and LTCI. Most importantly, they can learn more about you and see your professionalism and expertise. This gives prospects the confidence and trust so they will want to meet with you.

Maximize Public Speaking Ability

If you are someone who enjoys presenting and teaching, seminars are a way to leverage these abilities. Some advisors are natural-born public speakers, making this form of marketing extremely enjoyable and effective.

If you have an aversion to public speaking, you can still take advantage of seminars by arranging for other advisors, agents, company specialists, and experts to speak. A great format is to share the presentation with them, giving them the bulk of the speaking time. When working with new prospects and not current clients, taking an active role in the presentation will enable new prospects to gain some sense of your professionalism and expertise.

If you pair up with another advisor, you will need to agree on some form of compensation such as a split in the commission. If you both invite prospects, you could offer to pay for the cost of the seminar since he or she is doing the majority of the speaking.

Prequalify Prospects

To some extent, seminars prequalify prospects. Although you initiate the seminar by inviting the prospects, they confirm their interest by attending and represent a much better prospect pool than a cold call list. If you can bring together the right people, ask the right probing questions, present the right solutions, and project yourself as the professional source for insurance and financial planning, your seminar will be tremendously successful.

Planning a Seminar

Arrangements, program content, and follow-up are critical to the success of a seminar. If a seminar is not well planned, you risk losing credibility with the people who attend. Therefore, developing a well-thought-out plan is essential.

It is helpful to have a written game plan, a step-by-step description of what you need to do and when you need to do it. A checklist lets you see at a glance where you are and what remains to be done. Developing a seminar checklist requires a good bit of thought, and should answer the five “W” questions:

- who?
- what?
- when?
- where?
- why?

Your Objective

The first step in the planning process is to set your goal or objective. Before you do anything else, ask yourself what the seminar will accomplish. Your goal should be specific, attainable, and measurable. For example, you may set a goal of making 10 appointments with seminar attendees. Or your goal may be to provide an informational seminar for 15 of your best clients.

The goal you set is important because it will impact other decisions. If your goal is to make 10 appointments with seminar attendees, you must get more than 10 people to attend your seminar.

The Audience

Seminars involve target marketing. The people you invite should have a common interest or need. This allows you to focus on the specific needs of the audience. For example, you could present a seminar that covers Medicare, Medicaid, and LTCI, which would appeal to prospects over age 65. Whereas a seminar that focused on LTCI as it relates to planning for retirement would appeal more to prospects under age 65.

Sometimes the audience is determined by the purpose of the seminar. For example, if your purpose were to create centers of influence, your audience would be made up of other professionals who work with prospects in your target market. You would probably invite professionals

Seminar Objectives

Says one experienced advisor, “I want to accomplish three objectives during the seminar: create an awareness of the need for LTCI, show the alternatives, and anticipate objections. If I am successful, then the one-on-one interview is nothing more than a closing interview.”

such as attorneys, CPA's, and fee-based financial planners and advisors. If your objective were to improve retention in your multi-line book of business, you would invite a market segment from your current client-base. Finally, you may want to expand your client base. In that case, you would invite new prospects (not current clients) from a specific market segment or target market. The point is that you need to make a list of invitees who have some common characteristics and needs.

To determine how many people to invite, begin by setting a goal for the number of attendees you wish to have. Initially, aiming for 15 to 20 prospects is reasonable. If 15 to 20 prospects attend, you can justify costs. At the same time, the group is small enough to allow interaction between the speaker and attendees. You will learn from experience how many people to invite to have the desired number of attendees. A good rule of thumb is to invite 10 people for each desired attendee. The ratio of invitees to attendees will improve as your seminars become better known.

Once you have created a list of invitees, your next step is to design a way to invite them to your seminar. Individual invitation letters are the most effective way. However, newspaper ads may be effective for

attracting new prospects. Regardless of how you communicate your invitations, you need to determine how you want your prospects to respond. You may want to send a return card with your invitation letters. Another method is to ask for phone reservations from those who are interested. You may even want to plan follow-up phone calls in the event that your responses fall below your expectations.

Lists

Many advisors who host seminars consistently draw their audiences from mailing lists that are available from list vendors. Review the information in the marketing and prospecting section covered in the direct mail and cold calling topics.

Topics

The content of your seminar should be a blend of technical information and motivational

Evaluate Vendor Lists

Use the following series of questions to evaluate your sources of lists:

- What is the source of the list?
- How often is the list updated?
- What selections are possible within the list?
- What is the history of successful usage of the list?
- What is the minimum quantity of names you must purchase?
- What addressing formats are available?
- Is the list in zip code sequence?
- What is the delivery time?
- What will it cost?
- Why is this particular list being recommended?

material. How much of each depends on the needs of the prospects you invite. The program should be technically accurate and informative. If you give too much information, however, you may bore your prospects or they may have no need to make an appointment with you. In addition to being educational, the program should motivate attendees to meet with you for more information.

After you decide on a topic, your next step is to figure out whether the material is available or if you must develop it yourself. Many companies have seminar material for their advisors and require them to use it. If your company allows it, you can purchase seminar presentation material. If you decide to develop and write your own seminar material, allow enough time to research your topic thoroughly, and make sure you have adequate resources to produce it. Be sure to allow time for a compliance review by the insurance or financial services company or companies you represent.

Alternatively, you may decide to use the services of a professional presenter or advisor such as a broker, CPA, or attorney. You may even decide to help organize and co-sponsor seminars where other advisors are the seminar leaders. This may be a good choice until you have some experience under your belt. Whether you present the seminar or someone else does it for you, the seminar should establish you as an expert and a professional who can be trusted. Remember to follow your company's compliance procedures for situations in which you bring in an outside speaker

The Time Dimension

The time dimension of seminars has a couple of different meanings. First, effective seminars require a great deal of time to prepare, execute, and follow up. Many advisors who are very successful in seminars contend that a seminar is not a single event but a continuous process. All elements of the process must be carefully planned and implemented, which takes a great deal of time. The good news is that once the elements are satisfactorily developed, the seminar can be repeated time after time, frequently with increasing productivity.

Second, the time aspect of seminars also means selecting the best day and time to hold a seminar. The optimal day and time will depend on the needs of your audience. For example, it may be foolish to hold a seminar for your working prospects during working hours. Similarly, it may not be wise to hold a seminar for seniors late in the evening.

There are factors to consider when choosing a date for your seminar as well. You need to be sensitive to holidays, holy days, and competing events. You may plan a terrific seminar but if it competes with the NBA finals or the county fair, attendance may be adversely affected. You must keep all of this in mind as you look at the available dates and times for the facility where you will hold your seminar and examine your own schedule.

Location! Location! Location!

The site you select should be convenient for the members of your targeted group. Parking may be a critical consideration in urban and suburban areas.

The accommodations you select should match the size of your group. A small group in a large room gives the appearance that a lot of people decided not to come. On the other hand, too small a room may cause some people to leave your seminar because they feel crowded in too small a space.

One successful advisor suggests contacting a reputable LTC facility in the area to co-sponsor the event. The seminar could incorporate a tour of the facility and a presentation by the facility's administrator. This helps prospects appreciate and desire the freedom to choose a reputable facility. It also helps the advisor keep costs affordable.

Facilities

Checking—and rechecking—the facilities you have chosen will help your presentation run smoothly. If possible, try to visit the facility while another meeting is in progress. This action will allow you to determine the level of the lighting, the effectiveness of the sound system, and the visibility of any screens you will use with the overhead projection system. You can assess how well everyone in the room can see the speaker and judge whether the ambiance of the room reflects the feeling you wish to convey to your audience.

Consider what visual aids you will need before you begin calling facilities. If the facility does not provide visual aids, check to be sure that there are ample outlets for computers, projectors, or audio equipment. Double check all equipment prior to the seminar to be sure everything is in working order.

Check with the facility about refreshments, and if you serve refreshments, keep them simple. A basic guide is to serve something wet and something dry. For example, coffee and cookies are usually a hit.

Budget

It is especially helpful to establish a budget and work to stay within this constraint. Food is generally not served, but if you wish to provide refreshments, keep them simple and inexpensive. If you are using a hotel or restaurant, you may need to resist the pressures for lavish meals. Remember, you are selling your services and knowledge, not free food.

Other Details

Consider nametags, pencils, paper, and handouts. These may seem like small details, but it is important to pay attention to the details. They send your prospects a message about you.

For example, handouts of the highest quality that include your name and address send the message that you are professional and that you are willing to put your name on the work you do. Having paper and pencils available sends the message that what you say is important enough to write down.

You also want to plan a feedback mechanism. Some seminar presenters ask attendees to sign in, giving their names, addresses, and phone numbers. Others design an evaluation form that asks the attendees for this information, as well as for feedback on the quality and usefulness of the presentation.

Handouts

Place handouts into a folder. Try not to overdo the number of handouts. Distribute only the essentials, such as:

- “A Shopper’s Guide to Long Term Care Insurance” (NAIC)
- “Medicare and You” (www.medicare.gov)
- Post-seminar Questionnaire
- Your business card
- Blank pages for notes
- Pen/pencil

Presenting a Seminar

If properly presented, a seminar helps to sell you as a competent professional. The following list gives you a few pointers that may help you make an effective seminar presentation:

- Begin and end on time.
- Speak to your audience.
- Get to the point and stay focused. Your audience wants to know what you can do for them. They do not want to hear war stories.
- Keep your goal in mind during your presentation. If you keep your goal in mind, you will stay focused.
- Speak from an outline or note cards, but do not read or memorize your speech.

Getting a Seminar Started

I will usually begin a seminar by measuring the experience level of the audience. To do that I simply ask, "Does anyone know someone who has had the experience of going into a nursing home?" Invariably, someone has had this experience and is willing to share it.

I find that this helps raise the level of awareness of the LTC need. In fact, when this does happen, I find that the people who share their experiences have done half of the work for me.

- Be conversational, friendly, and enthusiastic.
- Use visual aids, if appropriate, but keep them simple.
- Avoid offensive jokes, stories, comments, or language.
- Move around as you speak. Do not remain in one spot the whole time.
- Relax, smile, and enjoy your work. People like to work with professionals who enjoy their work.
- Ask for feedback during your presentation in the form of questions and after your presentation in the form of a critique.

Seminar Follow-up

Most effective seminars are low-key and avoid overt attempts to sell products or specific services. Any one-on-one selling typically occurs after the seminar. It is for this reason that the follow-up phase of the seminar takes on such significance. In fact, many financial advisors who use seminars end their presentation by telling their audience that the advisor will contact each attendee to answer any questions that might have resulted from the seminar.

Follow-up Phone Script

"Hello, this is Tom Smith from ABC Financial. Thank you very much for attending our meeting. We covered a lot of details about LTC. I would like to sit down with you (and your spouse if you are married) on a one-to-one basis and review some of the material that would be very important to you and your family. Would Tuesday night be good for you or would another night work better."

Telephone

Following your seminar, contact the attendees by telephone or in person to schedule appointments for discussing individual needs. Ideally, this follow-up should occur within one or 2 days of the seminar.

Some advisors try to learn more about the specific interests or needs of the prospective attendees by asking them to complete a confidential fact-finding questionnaire prior to attending the seminar. Among other things, the questionnaire asks attendees about their health and financial situation.

Questionnaire

Other financial advisors rely on post-seminar questionnaires to determine interest. A post-seminar questionnaire can be a very useful tool for determining which of the attendees is most likely to be interested in learning more about your services. (See the accompanying sample post-seminar questionnaire on the next page.)

The mere fact that an attendee takes the time to complete a post-seminar questionnaire is a sign of interest. You can use the attitudinal questions at the end of the survey to gauge each prospect's interest and possible motivations for buying LTCI.

Observation

Still other financial advisors rely on observation and target those people who have asked questions during the seminar presentation for a follow-up call. These advisors mix with the audience during breaks and identify those who seem to be most interested in the presentations. They also ask each of the seminar speakers to give them the names of attendees who asked them questions after the seminar. (Remember that nametags for all attendees will help you and your speakers in this process.)

Contact

Whatever technique you choose for determining which attendees will be your best prospects, try to capitalize on the goodwill and credibility you have cultivated at your seminar by scheduling a personal visit with each of the attendees. Many advisors recommend that you contact nonattendees as well, especially those who previously indicated that they would be in your audience.

Even when these advisors are unable to schedule an appointment with the nonattendees, they keep these prospects on their mailing lists for a specified time. The advisors stay in contact with them regularly, sending them newsletters or bulletins on ideas that might be of interest. These advisors invite these prospects to their next seminar and generally get a positive response. Many advisors find that the prospects become clients after the second seminar.

Contact Information

Since follow-up is critical for seminars, it is important that you have obtained reliable contact information from attendees. If you are doing a seminar for a group of people for whom you do not already have contact information, I have found that you can obtain reliable contact information if you offer a door prize of nominal value (for example, a gift certificate). Most people like to win prizes and will complete the contact information accurately. Tell them you will call the winner to verify his or her name and address. Of course, you need to check with your company's compliance guidelines before you do this.

Post-Seminar Questionnaire

We would very much appreciate your assistance in answering the following questions. Your responses will guide us in improving future seminars and determining if our organization may be of assistance to you in the future.

1. Which speaker did you find the most helpful?

2. Which subject covered during the seminar was of most interest to you?

3. Briefly list any subject areas that were not covered in the seminar that you think should have been covered.

4. You may have some questions that you did not have an opportunity to raise during the question-and-answer session. Please briefly list these questions below. We will make every effort to answer these questions for you or to find experts who can provide responses.

For the following statements, circle the response that best describes how you feel.	Strongly Disagree	Agree	Strongly Agree		
I fear depending on family or friends for my care as I get older.	1	2	3	4	5
If I ever need long-term care, I want the freedom to decide what type of care I will receive and where I will receive it.	1	2	3	4	5
I am afraid I may not qualify for long-term care insurance if I wait too long.	1	2	3	4	5
I want to protect my assets from the potentially high costs of long-term care.	1	2	3	4	5
I am concerned about taking care of my parents or another relative should they need long-term care.	1	2	3	4	5
Name: _____	Address: _____				
Phone: _____	_____				
Fax: _____	Email: _____				

Here are some approaches you might use when you follow up with each seminar attendee on the telephone or in person:

“John, at the seminar you recently attended, we had a question-and-answer period. Since the time allocated for this purpose was fairly brief, I am calling to schedule a time when we could discuss your specific questions or concerns. Would this Tuesday or Thursday work for you or would some time next week be better?”

“Ann, several of the speakers from the seminar you attended this week indicated that you had some excellent comments regarding some of the areas discussed. I’d like to spend some time with you covering those areas. Could we do that?”

Summary

Finally, for seminars to be a cost-effective prospecting tool, you must repeat the program regularly. Only with repeat seminars will you be able to justify the heavy commitment of time that is required to develop a viable seminar process and an effective seminar program. If your seminars acquire the reputation for being informative and valuable, they will be well attended by qualified prospects. The accompanying checklist summarizes the details and logistics you need to consider and plan for to make your seminars successful.

Seminar Checklist

Arranging for a Meeting Room:

- Has the meeting been confirmed?
- Who's your contact?
- Have you met this person?
- Have you seen the facility?
- Have you done a walk-through to see what it will be like for your guests to arrive and go to the meeting room?

Guest List:

- Do you know who will attend?
- Will anyone from your company be there?
- How many guests will your budget cover?

Seminar Promotion:

- Have you arranged a schedule for printing promotional material and material to be distributed during the seminar? Does the schedule include time to proofread printed material to avoid potentially embarrassing errors? Does it allow for delays at the print shop?
- Have letters or formal invitations been sent at least 2 weeks prior to the seminar?
- Have the invitees been called during the week just prior to the seminar to confirm their attendance?
- Have announcements been sent to local newspapers, radio stations, and other media outlets?

Getting There:

- Do your guests know the date and precise time of the seminar?
- Do they have directions to the meeting rooms?
- Will they have to use a special entrance?
- Have you asked the hotel or office complex for directional signs?
- Will you be having a check-in desk?
- How will early arrivals be handled?
- What are the provisions for parking?
- Will your prospects need a means of identification, such as name badges?
- Who will look after late arrivals?
- Will you need a message board?

Meeting Facilities:

- How will the room be arranged?
- Do you want chairs only or chairs and tables?
- Are you supplying paper, pens, and pencils?
- Will you need a microphone? If so, do you have an extra one in case one cannot be located at the meeting facility?
- Will the speakers need help with any equipment during the presentation?
- Is the lighting adequate?
- Will there be an overhead projector?
- Will there be a screen?
- Will you have spare projector bulbs?
- Will you need a flip chart, writing pad, or magic markers?
- Will you need reserved seat signs?
- When the overhead projector is on, do the main room lights need to be turned off? If so, who will do this?
- Have you supplied water and glasses for the speakers?
- Will you need a lectern?
- Who will make the introductions?
- Will there be a coffee break?

Seminar Content/Speakers:

- What topics will be covered?
- Who are the best speakers to address each area?
- How long should each person speak?
- What is the most appropriate format for the presentation (for example, lecture, round table discussion)?
- How much compensation (if any) should the speakers be offered?

Problems:

- Whom do you contact if there is a problem?
- Will the house audio/visual technician be available?
- What do you do if someone becomes ill?
- Where are the fire escapes located?
- Are there any security measures required?
- How will people make outgoing telephone calls?
- Who will handle the incoming calls?
- Do you have a reliable assistant to help you run the meeting?
- Have you thought of everything that could possibly go wrong?
- How will you handle cell phones ringing in the middle of the presentation?

Case History

Prospecting System

Traditionally, case histories tell how a particular sale was made. The following case history is different, however. In it, a multi-line insurance advisor, Ginny Thompson, shares her LTCI prospecting system. Ginny also has a simple selling system as well. She is a strong proponent for systems.

The most important thing for any advisor entering a market is to have a system or a process. That is the key to success.

I target four markets:

- Clients age 45 to 63
- Clients age 64 to 75
- Prospects age 45 to 63
- Prospects age 64 to 75

I use a simple system that consists of a preapproach, an approach, and a way to handle objections.

Clients

I market differently to my current clients because they already have a relationship with me. My preapproach and approach are based on the ongoing insurance reviews I offer to my clients.

Preapproach—I send a preapproach letter that talks about their insurance coverage in general. It says, “Thank you for your business. I hope we’re doing what you want us to do. One of those things is to keep you abreast of the gaps in your coverage. I would like to have 30 minutes of your time to go over your insurance coverage with you. I am enclosing a brochure about one kind of coverage I am talking about. I will be calling you in the next couple of days to set up a time to get together.”

Approach—I set a reminder for the time it takes for the mail to be delivered. Then my staff person will call and try to set an appointment:

“Mrs. Client, this is Annette Jones from Ginny Thompson, ABC Insurance Office calling. Ginny recently sent you a letter thanking you for your business. She wanted me to follow up to let you know that she is very sincere about that. She is also very concerned that you have a gap in your insurance coverage. She would like to visit about that LTC brochure she sent you. Would it be convenient for you and Mr. Client to come into the office on Wednesday or would Thursday be better?”

Handling Objections—A part of my system is a strategy for handling objections. For example, if the person responds by saying that they do not have any money for more insurance, my staff person might say:

“All Ginny wants to do is give you information. You can leave your checkbook at home. She is passionate about this because she has had some personal experiences and she feels that it is very important that everybody knows about the coverage. It will only take 30 minutes.”

If the client persists in his or her objection, my staff person will then change tactics. For example, take a person who says that he or she is too young and persists in this objection, my staff person would respond by saying:

“I understand. You know, a lot of people feel the way you do, but I have to disagree with you. Ginny may send you something to look at and then I may call you back, would that be okay?”

Then I will send an appropriate article from a newspaper or magazine. I clip the article and put a sticky note with my company’s logo in the left-hand corner. I write, “I thought you might find this interesting.” I set a follow-up reminder for 2 weeks or one month, depending on the level of resistance. Then my staff person will call back and ask, “Did you get the article Ginny sent you on LTCI and the cost of waiting?” Then she starts trying to get the appointment again.

Perpetual Follow-Up—For clients, I follow up for a solid year. At the end of the year, I send another letter that says:

“During the past year you have heard from me several times but none of the correspondence is more important than what I sent you about LTCI. I am enclosing the booklet again. I really want you to look at it. I am going to be calling you because I think it is so important that you know about this.”

I set a reminder to call and start all over again until the person says, “Don’t call me again about this. I don’t want to hear from you about this anymore.”

Prospects

For prospects, my handling is different. I buy leads from a vendor, specifying the age range (either ages 45 to 63 or ages 64 to 75), zip code, home ownership, and a household income of \$75,000 or more.

Preapproach—Because I am specifically prospecting for LTCI, I send a preapproved letter along with a booklet on LTCI.

Approach—I then set a reminder to follow up with a phone call. My staff person uses a slightly different word track for prospects:

“Mrs. Prospect, this is Annette Jones calling. I’m with Ginny Thompson’s ABC Insurance office. We recently sent you information regarding LTCI. Ginny would like to visit with you. She wants to inform everyone that this insurance coverage is available. Can she visit with you this week, or would next week be better?”

Handling Objections—Objections are handled the same way as they are handled for clients, except that the article strategy will only be used if the caller seems receptive to the phone call. Typically, external leads are not as friendly as clients. However, often my office staff or I can successfully pivot and sell an auto insurance policy. Then I retry marketing LTCI to these people, this time using the client approach discussed earlier.

Advice to Advisors New to the LTCI Market—My advice is to have a process. You cannot enter the LTCI market unless you have an approach, a time to call, a systematic sales presentation, and a process for follow-up. If you do not have a system or process you will not be successful.

Chapter Two Review

Key Terms and Concepts are explained in the Glossary. Answers to the Review Questions and Self-Test Questions are found in the back of the book in the Answers to Questions section.

Key Terms and Concepts

prospecting	prospecting
qualified prospect	referral
market segments	center of influence (COI)
age-based	networking
couples versus singles	seminars
women	cold-calling
generations	preapproach
Generation X	direct mail
Baby Boomers	building prestige
Silent Generation	ten-second commercial
target market	résumé
	approach
	telephone approach
	pivot approach

Review Questions

- 2-1. What are the four characteristics of a qualified prospect?
- 2-2. Describe two ways in which prospects in the under age 50 market segment can be approached to buy LTCI.
- 2-3. Give reasons why the ages 50 to 65 market segment will be the bread and butter market for LTCI for the next several years.
- 2-4. What is a target market?
- 2-5. Describe each of the following prospecting methods:
 - a. referrals

- b. centers of influence
 - c. networking
 - d. seminars
 - e. cold calling
- 2-6. List four different ways to preapproach a prospect.
- 2-7. What are the four elements of a good approach script?
- 2-8. Describe four advantages of seminars.

Self-Test Questions

Instructions: Read chapter 2 first, then answer the following questions to test your knowledge. There are 10 questions; circle the correct answer, then check your answers with the answer key in the back of the book.

- 2-1. The market segment that probably is the most difficult to sell LTCI to is the
- (a) over age 65 market segment
 - (b) ages 50-65 market segment
 - (c) under age 50 market segment
 - (d) business owners market segment
- 2-2. Which of the following characteristics of a qualified prospect depends on how well the advisor's own characteristics match those of the prospect?
- (a) The prospect needs and values the advisor's products and services.
 - (b) The prospect is insurable.
 - (c) The prospect can afford to pay for the advisor's products and services.
 - (d) The prospect can be approached by the advisor on a favorable basis.
- 2-3. The primary reason given by women for buying LTCI is that they
- (a) want to avoid being a burden on loved ones
 - (b) want to preserve assets
 - (c) have a higher probability of needing it
 - (d) know LTC will cost more for them

- 2-4. Which of the following statements describes the most common mistake that advisors make when working with wealthy prospects?
- (a) They emphasize the importance of picking the desired setting for care.
 - (b) They focus on the emotional nature of LTC.
 - (c) They assume these prospects want to self-insure.
 - (d) They assume these prospects want their children to inherit their wealth.
- 2-5. People born in the Silent Generation are characterized as being which of the following?
- I. Risk-takers
 - II. Image-conscious
- (a) I only
 - (b) II only
 - (c) Both I and II
 - (d) Neither I nor II
- 2-6. Centers of influence (COIs) typically possess which of the following characteristics?
- I. COIs are viewed as takers.
 - II. COIs are sought out for advice.
- (a) I only
 - (b) II only
 - (c) Both I and II
 - (d) Neither I nor II
- 2-7. All of the following are pointers to help you make an effective seminar presentation **EXCEPT**:
- (a) Get to the point and stay focused.
 - (b) Be conversational, friendly, and enthusiastic.
 - (c) Remain in one spot as you speak.
 - (d) Speak from an outline or note cards.

- 2-8. Adult children generally will be more receptive to talking about their parents' LTC needs if their own situation is characterized by all of the following **EXCEPT**:
- (a) They have young children.
 - (b) They are from a dual-income family.
 - (c) They live a long distance from their parents.
 - (d) They have many surviving siblings.
- 2-9. All of the following statements comparing LTCI prospects in the over-age-65 market segment with younger prospects are correct **EXCEPT**:
- (a) Over-age-65 prospects are much less concerned about protecting and conserving their assets.
 - (b) Over-age-65 prospects are more sensitive to healthcare issues.
 - (c) Over-age-65 prospects are more deliberate in their decision-making and very receptive to seminars.
 - (d) Over-age-65 prospects experience a higher percentage of coverage declinations.
- 2-10. All of the following are advantages of prospecting using seminars **EXCEPT**:
- (a) Seminars are an efficient use of time.
 - (b) You can meet prospects in a non-threatening way.
 - (c) Seminars can be used to prequalify prospects.
 - (d) Seminars require less planning and effort than other prospecting methods.

Answers to Questions

Chapter 2

Answers to Review Questions

- 2-1. A qualified prospect is a person who
- needs and values your products and services
 - can afford to pay for your products and services
 - is insurable
 - can be approached by you on a favorable basis
- 2-2. Ways in which prospects in the under age 50 market segment can be approached to buy LTCI are to
- buy LTCI for themselves
 - buy or facilitate the buying of LTCI for their parents or other relatives for whom they feel responsible
- 2-3. Reasons why the ages 50 to 65 market segment will be the bread and butter market for LTCI for the next several years are:
- Over the next several years, the Baby Boomer population bulge will dominate the ages 50 to 65 market segment, making it the market segment with the most prospects by sheer numbers alone.
 - People in this market segment typically are at their peak income levels and LTCI premiums are relatively low for the younger ages in the segment.
 - People generally view LTC as a retirement planning issue and ages 50 to 65 are when planning for retirement becomes a front-burner issue.
 - People in this market segment have a greater likelihood of experiencing a parent or other elderly relative needing LTC, and people who have had this type of experience are more receptive to buying LTCI.
- 2-4. You have a target market if you can find a market segment that has a communication or network system. The communication system or network provides the means by which your reputation as a professional advisor can precede you. Market segmentation is a powerful marketing strategy that allows you to customize your approach and presentations based on the common needs and characteristics of the prospects in the segmented market.
- 2-5. Prospecting methods include

- a. referrals: These are people to whom you are introduced by someone who knows and values your work.
 - b. centers of influence: These are influential people who know you favorably and agree to introduce or recommend you to others.
 - c. networking: This is the process of continuous communication and the sharing of ideas and prospects with others whose work does not compete with yours.
 - d. seminars: These are a means to present LTCI to several prospects at one time, resulting in less time needed to conduct one-on-one interviews.
 - e. cold calling: This involves contacting strangers by telephone, typically from a list purchased from a reputable vendor.
- 2-6. Ways to preapproach a prospect include
- direct mail: a letter or postcard that preconditions prospects to be receptive when you call them
 - building prestige: build a reputation that allows you to approach prospects on a favorable basis
 - a ten-second commercial: a short response to the question, “What do you do for a living?” that is relevant and interesting to the person asking the question
 - a résumé: a one-page self promotional piece that introduces you
- 2-7. A good approach script should
- have a greeting: you want to make a good first impression
 - create interest: you are trying to motivate prospects to see you
 - ask for an appointment: you are calling to get this
 - have a closing: you need to reconfirm the appointment and affirm your desire to meet
- 2-8. Four advantages of seminars are
- they enable you to use time efficiently: Seminars enable you to present yourself and your products to a large number of prospects at one time.
 - they enable you to meet prospects in a nonthreatening way: Seminars allow prospects to warm up to you because they do not have to share any financial and health information at this time.
 - they enable you to maximize your public speaking ability: Some advisors are natural-born public speakers, making seminars an extremely enjoyable and effective form of marketing.
 - they enable you to prequalify prospects: Although you initiate the seminar by inviting the prospects, they confirm their interest by attending and represent a much better prospect pool than a cold call list.

Answers to Self-Test Questions

- 2-1. c

- 2-2. d
- 2-3. a
- 2-4. c
- 2-5. d
- 2-6. b
- 2-7. c
- 2-8. d
- 2-9. a
- 2-10. d