

Overcoming the Cost Objection to Long-Term Care Insurance

In its survey last year of agents in the LTCi market, the American Association of Long-Term Care Insurance (AALTCI) found that 76% of agents think the main challenge to selling LTCi is that clients perceive it as too expensive.

Cost has become an even greater factor in consumer decision-making since the recession started last year. As a result we've seen a 34 percent decline in LTCi sales in the first quarter of 2009 compared to 2008, according to LIMRA. This is the second consecutive quarter of double-digit decreases in premium.

LTCi can be a challenging sale even under the most favorable circumstances, so how can you overcome the cost objection during the economic downturn?

Sell the need before the product

Policy features can be quite complex for some LTCi products, so it can be easy to feel like you need to jump right in and start explaining the mechanics of how it works. Don't fall into this trap. If you dive into product minutia too early, the client will get lost in all the details before they know if it's something they even want.

Build your sales presentation around learning and fulfilling the client's needs. The most important thing you can do early on is let your client talk. Ask them about their work, hobbies, personal interests. Try to gauge their values and priorities. In the AALTCI survey, 41% of LTCi agents said the No. 1 reason people buy LTCi is to avoid becoming a burden on their family. The No. 2 reason was asset protection (26%). Those statistics are good guide, but when it comes to the person sitting across the table from you, it's up to you figure out what they value most.

Most importantly, ask if they have ever had a personal experience with long-term care. If they have, encourage them to talk about it. This is a great way to personalize the benefits LTCi offers.

Flexibility of Product and Price

Once you've paved the road by educating the client and emotionally connecting them to the idea of needing LTC, you can now drive the sale home by laying out product details. One key to the product presentation is to do it in terms the client can understand. Relate the main moving parts of an LTCi policy—elimination periods, inflation protection, maximum benefits, daily benefits—to concepts they're already familiar with. For example, an elimination period is kind of like a deductible on a health insurance policy.

As you go through each policy benefit, talk about the client's needs in each area. This is where it can be really helpful to sell a product like **Mutual Care My Way** that allows you to customize coverage options. Once you've explained all the coverage options, you should have a policy built and ready to quote. Notice you haven't talked about a certain carrier, a certain product, or a price yet. But now you're ready to.

If your initial quote is too high, Mutual Care Plus has the flexibility to allow you to dial back coverage in certain areas to reduce premium to a more affordable level. Many agents like to extend the elimination period as a means to reduce cost. Mutual Care My Way allows you to choose from six different elimination periods ranging from 0 to 365 calendar days. You can also adjust the benefit period, monthly benefit amount and inflation protection until you find a formula your client is comfortable with.

Mutual Care My Way and the entire Mutual Care Plus portfolio will expand to seven additional states on July 1, 2009. [See state availability.](#)

Visit LTCforAgents.com to request a contract, or call 1-888-456-8884 (Option 4) to speak to an SMS Marketer.