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

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Show Me The Math

The great dichotomy and eternal conundrum of sales is which argument has the greatest anticipated success: *the rationality of the math or the severity of the emotional response to the potential risk.* This great scale of sales justice defines our profession and I can predict it will remain an eternal mystery.

In truth, some exotic alchemist's brew of both ingredients is present any time a client signs a check to an insurance company. This column is dedicated to those whose emphasis is on the concrete and finite security of numbers, as well as those who focus on identifying risk and helping to access or create the funds necessary to leverage that risk.

Perhaps the greatest buzzword in our industry today is "suitability." Did we accurately evaluate the client's needs and then provide precise, affordable and appropriate solutions? Did we sell more or less than was needed? Did we provide sufficient information for our client to make an informed decision? And last but not least, did we leave ourselves exposed to a future errors and omissions claim?

Answers to the greatest sales objections are readily available and easily demonstrated by the use of long term care insurance economic modeling. Software has been developed by a number of sources. This type of sales presentation vividly demonstrates the answers to popular sales obstructions. For example, "long term care insurance is too expensive." The answer is—compared to what! Economic modeling software implodes the myth of self insuring for the risk

and precisely defines the intrinsic value of using insurance to leverage that risk.

Economic modeling software clearly identifies the "pool of money" as the primary source of indemnification. This immediately establishes the "bank" of dollars that the client will control at the time of claim. These graphically supported presentations focus on asset protection; the number one client motivation to buy. Managed and precise client presentations can clearly identify the cost of insurance versus the myth of self insuring. It also helps to clearly explain the inflated future risk. A detailed long term care insurance needs analysis can also uncover the opportunity for corollary sales of life and annuities. In addition, correctly identifying and illustrating risk will, by its very nature, increase the final sales transaction necessary to meet the potential obligation.

I have done consulting work in the past with two "vendors" of this type of enlightening software. One is a well-established veteran, Ralph Leisle, CLU, ChFC, president of LTCi: Decisions Systems, Inc., and a newcomer to the battle, Douglas Richards, CLU, ChFC, CFP, president, ORCA Financial Concepts, Inc. Both provide exceptional software and ongoing support.

LTCi Decision Systems, Inc., software provides valuable data such as "premium break-even claim days"—the break-even point in time when claim payments match premium, including loss of investment on premium expenditures. The software clearly projects long term care costs with

and without insurance. It helps preprogram and customize benefit design. It also highlights the "loss of investment opportunity" which is the after-tax return that would have been possible had the client not diverted investment dollars to pay for long term care insurance premiums. The software also provides a host of summary reports built from customized scenarios as well as comparative spreadsheets and graphics.

ORCA Financial Concepts, Inc.'s LTC Projector has created a new and dramatic representation of the "Four Possibilities" that can happen with respect to the need

for care. Everyone operates in this well-defined universe:

1. No long term care insurance policy/Not disabled
2. Long term care policy/Not disabled
3. Long term care policy/Disabled
4. No long term care policy/Disabled

It now becomes possible to identify the relative cost per day of having insurance or self insuring. This type of software support can provide a consistent sales track from which to operate.

One of the features which the LTCProjector also vividly illuminates is the potential additional corollary out-of-pocket expenses

to the client as the result of benefit choice. The software also does an excellent job of focusing on the net transfer of risk cost, which is represented by the total value of the benefit minus the opportunity cost.

Folks who claim they are not good at math usually are. Math is important because rational and precise explanations are mandatory. It will, however, remain my personal suspicion that decisions to buy may be more visceral than cerebral. Nonetheless, never hesitate to show them the math. 🌐

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