



The Next Partnering Opportunity: Working with Employee Benefits Brokers

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Ruth Larkin
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LifeCycle Benefits

Agenda

- **Guest speaker introduction**
- **Recent activity in the Group & Multi-life marketplace**
- **Worksite benefits marketplace update**
- **Relationship-building techniques (best practices)**
- **Challenges in working with benefits brokers**
- **Marketing to benefits brokers**
- **The CLASS Act**
- **Q&A**

Moderator: Steve Cain



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Steve Cain is Executive Vice President and National Sales Leader for LTCI Partners, one of the nation's largest Long-Term Care Insurance (LTCI) wholesalers. In that capacity, Steve is responsible for increasing the firm's sales revenue -- from the development of existing client relationships to acquisition of new institutional accounts.

Cain brings more than 12 years experience in the insurance brokerage market, most recently as Senior Vice President and National Sales Leader for Long-Term Care at Marsh Private Client Services, a division of Marsh USA, Inc. Steve helped build Marsh into a leading wholesale and retail distributor of LTC Insurance, working with banks, independent broker-dealers, wirehouses and employee / executive benefit brokers.

Prior to joining Marsh, Cain worked at LifeCare Assurance Company, a third-party administrator (TPA) that specializes within the LTC Insurance industry. While at LifeCare, Steve was on a team that introduced several LTC Insurance products (Allianz Life, Fortis, Lincoln Benefit Life, MassMutual, etc.) products into the brokerage distribution channel. With experience that ranges from the home office to retail sales, to the brokerage market, Cain has gained valuable insight on all aspects of the industry, from sales and marketing, underwriting, policy administration, and claims.

Cain is passionate about enhancing awareness of the LTC Insurance industry, having authored numerous articles in such publications as Financial Planning Magazine and National Underwriter. Steve is a certified continuing education instructor for insurance and accounting professionals and he regularly addresses industry groups such as state bar associations, the American Association for Long-Term Care Insurance (AALTCI), the Association for Advanced Life Underwriting (AALU), the Society of Actuaries (SOA), the National Association of Health Underwriters (NAHU), the Million Dollar Round Table (MDRT), and the National Association of Insurance and Financial Advisors (NAIFA).

Cain is a graduate of the University of California at Santa Barbara. After graduation, he had a brief career in professional baseball, pitching in the farm systems of three professional teams. Steve is married with two young daughters and resides in Los Angeles, CA.

Guest Speaker: Ruth Larkin

Ruth Larkin is President of LifeCycle Benefits, and is one of the most successful Group Market Sales Leaders in the United States.

With over 25 years in the Employee Benefit Market, Ruth Larkin has forged successful relationships and employer solutions with every market sector, and worked with virtually every product offer available. Her experience includes working in Product Development, Training and Customer Service Management, Marketing, Sales and Sales Management. From Fortune 50 employers, to upstart entrepreneurial ventures, the experienced gained is invaluable and purposeful in these changing times.

For the past 17 years, she has been an industry “Pioneer” with a leading insurance carrier in the Long-Term Care Industry, working to educate, train and guide the successful implementation of hundreds of major corporate clients, and over \$40 million of Group LTC premium. From client evaluation to plan design and pricing, to implementation, education and enrollment, Ruth Larkin has been a “beacon” in the industry for almost two decades. She has served as a “go to” resource for many Employers, Brokers and Consultants, and is a nationally recognized authority on Long-Term Care Insurance.

With the aging of America and the continual evolution of the industry and the solutions available, combined with her own personal experience with Alzheimer’s Disease, there has never been a better time to elevate her passionate focus on these issues and all the related challenges.

Ruth holds a Certification in Long-Term Care (CLTC), is a member of the Society of Actuaries LTC Group, and a member of the American Association for Long-Term Care Insurance (AALTCI), and a graduate in Business Administration/Accounting from Wichita State University.

LifeCycle Benefits is a strategic partner with LTCI Partners (an NFP owned firm and one of the nation’s largest and most successful LTC Insurance distributors) to ensure a broad spectrum of top quality options, choices and program resources from a distinguished, reputable and recognized market leader.

Marketplace Update

Recent Activity:

- **Carrier suspension of new sales**
- **In-force rate increases**
- **Underwriting guidelines changing (concessions)**
- **The CLASS Act**
- **Group Life products beginning to include LTC riders**
- **Others?**

Premium Growth Rates

Product	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	YTD 2010
Individual Life Total	-5%	+10%	+7%	-2%	+2%	+4%
UL	-5%	+15%	+11%	+1%	+13%	+10%
VUL	-36%	+11%	+2%	-6%	-25%	-7%
Term	+1%	-3%	-10%	-16%	-16%	-12%
WL	+12%	+16%	+23%	+7%	+14%	+15%
Annuities Total	-21%	-24%	-7%	+1%	+6%	-7%
Variable	-2%	+4%	+10%	+8%	+17%	+10%
Fixed	-39%	-48%	-26%	-10%	-9%	-27%
Indexed	-3%	-3%	0%	+16%	+17%	+7%
Group Life	-4%	+1%	-6%	-7%	N/A	-1%*
Group DI	-1%	-17%	-27%	0	N/A	-15%*
Individual LTC	-4%	+12%	+14%	+12%	+13%	+13%
Individual DI	-6%	-7%	-3%	-2%	-4%	-4%

The numbers reflect the % growth as compared to the same quarter of the previous year unless noted otherwise.

* Reflects third quarter YTD 2010 sales results

Source: LIMRA

2010 LIMRA Results

Multi-life Business

2010 Individual LTCI Multi-life New Business and In-Force Business

	Lives	10/09 [^]	Premium	10/09 [^]
Total ML Sales	49,670	16%	\$94,306,240	18%
<i>Worksite ML*</i>	<i>16,588</i>	<i>-18%</i>	<i>\$26,446,417</i>	<i>-22%</i>
<i>Association ML*</i>	<i>32,183</i>	<i>50%</i>	<i>\$64,864,357</i>	<i>50%</i>
ML In Force**	470,000	6%	\$836,500,000	7%

[^]Growth from same period prior year.

*Worksite and association multi-life exclude one company that could not provide breakdowns.

**Includes estimates for non-participants.

Highlights

- Fifteen carriers reported multi-life sales which accounted for 21 percent of individual LTCI buyers and 18 percent of new premium in 2010.
- The sale of individual multi-life LTCI grew in 2010, driven by impressive performance of multi-life sales through associations.
- Individual multi-life sales through associations dominated in 2010 accounting for 66 percent of multi-life buyers and 71 percent of multi-life new premium.
- Worksite sales averaged \$1,594 in new premium, while individual buyers through association groups are paying \$2,015 on average.

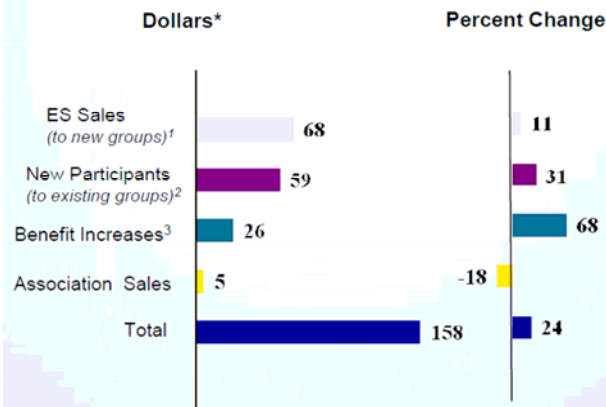
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2010 LIMRA Results (Group)

Market Activity

Group LTCI New Business 2010



Highlights

- ▶ Total new premium of \$158 million for the group long-term care insurance market grew 24 percent in 2010. Much of this growth, however, is a result of the poor performance seen in 2009. When compared to 2008, 2010 group LTCI new premium was down 5 percent.
- ▶ Coming off the lackluster performance of 2009, premium from sales to new employer groups, premium from new participants to existing groups and premium from benefit increases on existing insureds all showed growth of greater than 10 percent.
- ▶ Accounting for less than 5 percent of all new premium, association business posted a double digit decline.

*Annualized new premium (\$000,000)

¹ES Sales (to new groups) – initial sales to new employer-sponsored groups

²New Participants (to existing groups) – new participants to existing employer-sponsored groups

³Benefit Increases – benefit increases to existing employer-sponsored coverages

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2010 LIMRA Results (Worksite)

Voluntary Products Market Activity

2010 Year-To-Date Growth

Term life*	-5%
Universal life / VUL	0
Whole life / ISWL	12
AD&D*	3
Short-term disability	5
Long-term disability	-14
Critical illness	-31
Accident	-3
Dental	8
Medical**	3
Dread disease***	0
Vision	6
Long-term care	20

*Many companies include rider AD&D premiums in their reported term totals.

**Medical products include hospital indemnity and supp. medical offerings.

***Includes cancer, heart / stroke, etc.

Source: U.S. Worksite Sales Survey, LIMRA, Fourth Quarter 2010

Highlights:

- ▶ A moderate 5 percent decline in 2010 term products offset surging whole life sales and modestly higher stand-alone AD&D results. Meanwhile, UL premiums were virtually unchanged from 2009.
- ▶ Long-term care achieved the largest percentage gain, while STD, vision, dental, and medical coverages have all exceeded prior-year sales levels.
- ▶ Dread disease products were flat, accident products decreased slightly, and LTD premiums were noticeably lower.
- ▶ Last year's late critical illness spike distorts its growth rate. Though 2010 sales fell 31 percent compared to 2009, this volume still exceeds 2008 levels by 39 percent.

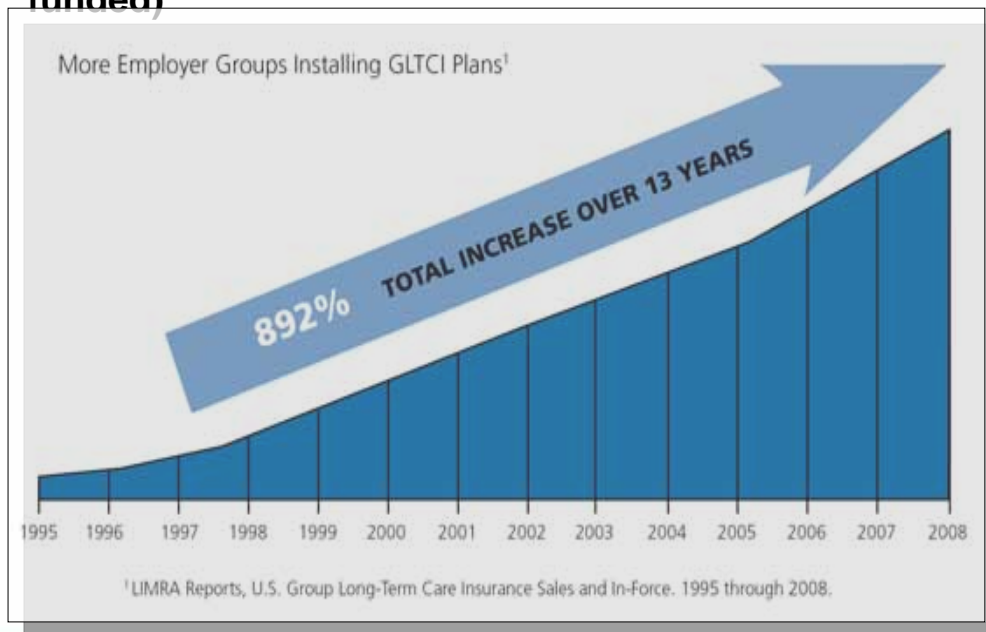


The Group LTC Opportunity

An Emerging Employee and Executive Benefit

Planning Concepts:

- Voluntary (employee paid)
- Employer paid base with buy-ups available
- Executive carve-outs (100% employer funded)



The Group LTC Specialist's Perspective

- **What's your strategy (35,000 foot view)?**
- **Focus – large or small group brokers...and why?**
- **How is your firm marketing to benefits brokers initially...and on an ongoing basis?**
- **Are benefits brokers receptive to this conversation right now?**
- **Can you describe your sales process (securing a strategic partnership)?**
- **How are you using (or not using) The CLASS Act in your conversations and client presentations?**
- **Your challenges or concerns?**
- **Can you share some of your firm's recent successes or failures (cases or partnerships)?**
- **Are there any “Do's and Don'ts ” with benefits brokers?**
- **Are “executive benefit” still bad words in the marketplace or are you seeing funding emerge again?**
- **Commission vs. Fees – how do you handle compensation if the consultant is fee-only with the client?**
- **Have clients been asking your strategic partners about The CLASS Act?**
- **What does the ideal strategic partner look like (client focus, book of business, compensation sharing, etc.)?**
- **Suggestions for Group LTC specialists attempting to partner with benefits firms / brokers?**

Questions?

Thank You for your Participation!