



President's Corner

By Margaret Czellecz

Welcome to the first edition of the newly revived LTCIF newsletter. The 2011 LTCIF annual meeting was held in May in Albuquerque with over 80 members in attendance. Our program committee did an excellent job providing us with sessions to enhance the advancement of administration, claims and underwriting knowledge of long term care insurance. Sessions included underwriting's "Oh My Aching Back!", claims' "Objects in the rear view mirror are not always as they appear", and compliance's "Abandon Hope all Ye who enter here." Thanks to all the moderators and presenters who produced thought provoking and entertaining presentations. We had great audience interaction and this year's conference was a success.

Our teleconference committee has hit the ground running this year with Dr. David Lovejoy's session on Traumatic Brain Injury. Over 100 parties called in to this informative WebEx. What a great way for our members to have access to quality speakers at little or no cost. The teleconference committee is committed to providing three interesting teleconferences that relate to current LTC underwriting and claims issues. They are off to a great start! Stay tuned for two more sessions—Cardiovascular and CoMorbids early next year.

I would like to recognize our many sponsors who keep our annual meetings and teleconferences affordable. This year we had 16 sponsors—please refer to the LTCIF website for a listing of all the companies who continue to support us financially and help keep our annual meetings and teleconferences affordable. Thank you sponsors!

It's not too early to start thinking about next year's annual meeting. It will be held at the Epic Hotel in Miami, Florida, May 2-4, 2012. Our program committee has taken your suggestions and the agenda is shaping up nicely.

Best wishes to Steve Serfass, our out-going president. Over the last two years, he has worked hard leading this organization. Lucky for us, he's not going far— he will continue working for the LTCIF as a board member.

Thanks to all the hard work of all the volunteers, committees, board members and officers that make the LTCIF such a success. We are always looking for new ways to provide a forum for research, education, personal development and the exchange of ideas, so if you have any ideas please contact me at contactme@ltcif.com.



Why attend?

- *Learn valuable information from informed speakers*

The forums are packed full of relevant LTC information. In addition to the interactive ‘Early Bird Sessions’ for both Claims & Underwriting, each presentation and session is focused on pertinent LTC topics. Feedback on the Forum has always been extremely favorable with this year’s presentations receiving an average rating of 4.5 on a scale of 1 to 5. Comments from this year’s survey included the following:

- * Great job program Committee
- * Excellent, energetic, engaging
- * Interactive format is very helpful
- * Real eye openers
- * Excellent use of case studies
- * Informative and fun
- * Valuable insights that I’ll take back to my team

- *Affordable*

The forum is a great value. Conference hotel rates are \$199 per night.

- *Networking opportunities*

The forum is prime venue for interacting with your LTC peers.

- *Interesting and popular locations*

The new Epic hotel is a premier hotel on the bank of the Miami River at Biscayne Bay. Across the river from famed Brickell Avenue, this downtown Miami hotel is in the financial hub of South Florida and near boutiques, restaurants and entertainment venues.

Why not consider extending your stay for a chance to explore the area? The hotel will honor the conference price for the three days preceding and after the conference.

Ready to Register? [<http://www.ltcif.com/>]

**Ready to Reserve your Room? Call the reservation line at
1-800-KIMPTON (1-800-546-7866)**

“Blast from the Past!”

As part of the roll-out of the newsletter, we thought you would enjoy reading a “Blast from the Past.” This first blast from the past was written by the late Norm Kono, founder and former president of the LTCIF, in the early part of 2005. In it, he predicted how the LTCI industry would develop in 2005. We at the LTCIF miss Mr. Kono’s leadership, vision, and, most of all, friendship. In his memory, the LTCIF has established the Norm Kono Scholarship to provide one person each year with free registration at the LTCIF’s annual conference. Look for more information about the Norm Kono Scholarship in the next edition of our newsletter, and look for similar “Blasts from the Past” in future newsletters as well.

LTC 2005: A Year For Cautious Optimism

By Norm N. Kono

Optimistic, if not hopeful is the only way to look at a New Year. But there is reason to do so cautiously, if the events of 2004 and the year before mean anything.

A positive attitude is necessary for any degree of success. Many LTC companies will achieve their targeted growth objectives. There will also be a few companies who may ask themselves if their money and energies might be better channeled to an activity more likely to result in profit.

A national marketer who experienced great success in the '90's but is currently without a carrier now states that “There doesn't seem to be any significant companies that want to get in and a number looking for an exit. “Dale Larson further states that “even the players staying in don't seem that interested in pursuing aggressive growth.” LTC insurance consultants report little current demand for their services.

Claude Thau, president of Target Insurance feels that “the decrease in LTCi sales in 2003-04 was predictable, coming from two sources -- an over-inflated production in the past period used for comparison and reduced sales in the current period. For example, the Federal LTCi program and ‘fire sales’ due to price

increases both caused previous-period sales to be inflated. They also caused the ‘cupboard to be bare’, reducing subsequent sales. Rate increases (on new sales and on in force) have, of course, depressed new sales as have the fact that companies left the industry and PR was negative.” However, he adds that “sales are just starting to rebound. The industry and the government need to figure out what messages will encourage people to take proactive responsibility for their future LTC needs.” Mr. Thau further suggests that “research on this issue would be a very good idea. “

The claims departments of LTC carriers are spotlighted for careful examination by Peter M. Goldstein, Executive VP, LTCG. He feels that “As claims volumes grow, carriers will realize that their benefit eligibility process, their ongoing monitoring process and their care management approach are not producing the results they need to be profitable and properly manage the claims. The investment required to do it right will be significant.”

He notes that “the LTC industry has gone through a major shake-up. As carriers have repriced their products to reflect current knowledge of lapse rates and investment earnings which produce higher rates, their distributors have defected and gone to the competition that hasn't yet

gone through that cycle, or stopped selling all together. The effect of this is some carriers '04 sales have gone down, while others have grown significantly."

Goldstein is encouraged that "by the end of '05 everyone will have implemented new pricing, and producers won't remember that they could have got this product 20% cheaper from XYZ Mutual. Once the field is leveled," he continues, "sales growth industry wide will resume."

Also seeing a light at the end of the tunnel is marketer Joseph G. Pulitano of CLTC. "I believe people want to buy LTCi," he says. "They just want to be sure that they should buy it and they want to be sure of the carrier they buy it from. LTCi sales happen when someone they trust tells them they should buy LTCi and tells them where to buy it.

We have been selling LTCi by leveraging the relationships people have with their trade organizations, associations, and employers. I believe the next growth of LTCi sales in 2005 will come from leveraging the relationships financial planners and stock brokers have with their clients."

The good news is that Partnerships have been successful. "The Federal legislation to remove restrictions on State LTC Partnership programs is a key win-win opportunity. 2000-01 annual sales in Partnership states were 277% of the corresponding 1993 sales whereas in non-Partnership states that percentage was 224%." Thus, according to Claude Thau, "it would be reasonable to conclude that $277-224 = 53$ additional policies were sold in Partnership states as a result of the Partnership for every 224 that would have been sold anyway."

If you have thoughts or comments on the content of this newsletter, have suggestions on how it can be improved or on topics to be addressed in future editions, or if you would be interested in contributing content to a future edition of the newsletter, please contact us at contactme@ltcif.com.

Policy Statement of Anti-Trust Compliance

The LTCI Forum is open to any and all companies or persons interested in the advancement of administration, claims and underwriting knowledge of long term care insurance. Under no circumstances shall any meeting, formal or informal, of any conference participants or attendees be used as a forum for representatives of competing companies to reach any

understanding whatsoever about the pricing of specific products, whether particular products should be marketed to the public, or term on which products are marketed. By your membership, you agree to follow both the letter and spirit of anti-trust laws which prohibit any activities that might lessen or tend to lessen desirable competition among insurance companies.

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