

**1<sup>st</sup>**  
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LTCi carrier

## FORTUNE 500 COMPANY OFFERS LIFECARE ASSURANCE PRODUCT AND MAKES MILLIONS WITHIN THE FIRST FIVE YEARS

### The Situation

An A++ rated, nationally-recognized life insurance conglomerate realized the need to round out their retirement portfolio with a long term care insurance (LTCi) product. The Senior Vice President of Product and Financial Services was tasked with launching an LTCi product alongside the company's existing life insurance business and ensuring that LTCi coordinated with their other morbidity products. The SVP of Product and Financial Services researched the industry and singled out four prospective partner companies. LifeCare Assurance was administering the 4th largest block of business in the country at the time, but the company's success wasn't the only determining factor. Other requirements included:

- the need for comprehensive support from start to finish
- an ability to interface well
- proven success administering a large number of policies
- a partner (who shared in the risk as well as administering the program) to align incentives and ensure product performance
- a key representative who could speak articulately to all levels of management including the Board of Directors

LifeCare Assurance was selected based on these criteria and a partnership was formed.

### Challenges And Solutions

The SVP of Product and Financial Services' team and the LifeCare Assurance Product Development Team designed the new product around competitive advantages that would differentiate it from its competitors. The product's success rested, however, with three other key factors.

## Key Factor #1 – Risk Assessment

One of the primary reasons LifeCare Assurance was selected from the original four contending partners was the responsiveness of industry veteran and LifeCare Assurance President and CEO, Jim Glickman. The SVP of Product and Financial Services needed someone who wouldn't "simply sell the idea and then disappear after the concept gained a foothold." In-depth industry knowledge was needed to address the Board of Directors and alleviate concerns over the LTCi industry's checkered history. Consequently, Glickman was called on to present directly to the Board.

Two fundamental topics were under consideration. First, product pricing advantages were a concern. The product had been designed as guaranteed renewable, but priced conservatively, making the Board receptive to the product concept approach. Second, underwriting practices to achieve profitable growth needed to be explained. LifeCare Assurance's stringent protocols, including the conservative requirement of obtaining medical records for each applicant, produced better-than-industry average loss ratios during the first ten durations. As a result, concerns over the product viability were alleviated and the company felt less concerned about the adverse experience and the reputational risk that could accompany future large rate increases, if they were needed.

## Key Factor #2 - Compensation System Integration

To encourage general agents to offer the new product, it had to be integrated into the company's existing compensation system. Without this integration, premium credits on the product wouldn't flow into the agents' compensation package. To remedy this issue, LifeCare Assurance worked extensively with the partner company to develop a commission and bonus structure that would appeal to the general agents and the agent's advisory group, while customizing the administration so the commission feed could be integrated with their other products. The advisory group's buy-in helped to determine a preferred model and to keep them engaged in the overall process. This approach led to a preferred model being selected and designed into the compensation system, leaving the general agents with a product that worked well for them while it functioned well within the confines of corporate systems and parameters.

## Key Factor #3 - Training

For the agents to be prepared in the new product's sale, it was required for them to review and understand the product benefits and the feature and pricing competitive comparisons. LifeCare Assurance referred experienced LTCi regional marketing trainers to the company who were then hired to perform product training, ensuring the agents gained detailed product and industry knowledge for a successful sales effort.

## The Results:

LifeCare Assurance managed all aspects of product development, market introduction, and administration seamlessly under the partner company's branding. The partner company incurred no cost to implement the product, but within five years the company's first year annual premiums rose to over \$10 million to become a top 10 LTCi carrier.

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For nearly three decades, LifeCare has developed, launched, and managed industry-leading long term care insurance products for Fortune 500 companies. Our products create new streams of revenue and expand product portfolios at no risk or cost to our clients through our innovative, unrivaled business model. For more information on our customized, scalable product offerings, visit: [www.lifecareassurance.com](http://www.lifecareassurance.com)