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A NOTE FROM THE GENERAL MANAGER

Welcome to the Q3 issue of the CLTC Digest!

It's hard to believe that summer is here, and with summer comes the third issue of the Digest. We are so pleased that we are able to offer this valuable educational resource to our members. In this issue, we will be taking about how technology will reinvent the long-term care industry. We will also look at "block granting" of Medicaid. Finally, please be sure to check out the article that takes a dive into statistics in the ltci industry.

In addition to this resource, please be sure to sign into your CLTC account and take advantage of our range of member benefits, including monthly webinars, resources, and our 'Ask the Instructors' feature. We created this valuable set of tools to help CLTC professionals stay up-to-date in long-term care and provide stellar service to their clients. And, as always, please let us know if there is anything more that we can offer to help you as a CLTC professional in the field.

Finally, please stop by our booth if you attend the upcoming NAIFA Performance + Purpose Conference in Orlando. We will be there to answer all your LTCi and CLTC questions. We hope to see you there!

Thank you for reading. I hope you enjoy this issue!

Sincerely,

Amber Pate
General Manager

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Reinventing the LTC Insurance Industry through TECHNOLOGY

Laura Moore and Jeremy Pincus, Ph.D.

In the early days of long-term care (LTC) insurance, excitement and optimism prevailed. The need for this protection was so clear, and carriers were making investments and allocating resources to support product development and launch. Tens of thousands of Baby Boomers are turning 65 every day—surely they will see the value of this important coverage!

And LTC insurance does fulfill its promise. Insureds, and their families, who have used the benefits, regularly submit emotional, heartfelt testimonials to their insurance companies, extolling the value of the coverage, and the impact it has had on their lives. Once purchased, it is virtually never dropped, with persistency rates that are unheard of in other products.

What's the Issue?

In part, it's as basic as consumers' denial of a future when they are unable to live independently. The industry has been unable to convince consumers to fund something they just don't want. While this could be said about all insurance products, it seems that the idea of home fires, auto accidents—even death—are all easier to accept than the idea of needing help with the basic activities of daily living. Compounding the impact of denial, there is the persistent myth that the government will ultimately pick up the tab for long term care services needed by unprepared Americans.

Prepared or not, chances are that we will face a long term care situation at some point in our lives and the cost of care is more than most of us can afford to pay out of pocket. The need for long term care represents one of the most significant threats to an individual's financial well-being. Costs are increasing at a rapid pace and could quickly deplete even robust retirement savings. Yet, despite the cost of care, the perception of LTC insurance as a complex and expensive product contributed to its lack of acceptance in the marketplace.

Beyond the acceptance issues, there are underlying problems with the original pricing of the coverage. The financial foundation of the product was jeopardized by increases in the cost of care that outpaced predictions both in facilities and in home settings. The product's nearly 100% persistency rate was not anticipated in the pricing assumptions, and neither were historically low interest rates. The financial crisis in 2008 further widened the gap between pricing assumptions and performance, undermining the ability to achieve investment expectations.

The industry was forced to face the fact that premium rates had to be increased, after resisting for years. It was perceived as a broken promise by policyholders, and marked the beginning of a wave of bad press and block closures. The reputational and financial risks were just too great.

Despite these challenges, the inevitable need for long term care services is still in our future, and finding ways to unlock the barriers to affordable, predictable funding vehicles is a social and financial imperative.

Robots Could Hold the Key

Providing hands-on care to the frail elderly is notoriously demanding, both physically and emotionally. As a profession, whether in the home or in a facility, it is the number one most dangerous workplace for musculoskeletal injuries, according to the US Bureau of Labor Statistics—substantially more dangerous than operating heavy machinery. The high rate of injury persists despite widespread adoption of "No Lift" policies and the wide availability of low-tech assistive technology, such as Hoyer lifts. Furthermore, from a cost perspective, such devices require at least two caregivers to be present for their successful operation.

By contrast, robotic caregivers don't get injured and they don't get sick; they don't need sleep nor time off. While the vast majority of professional caregivers are wonderful, caring people, human caregiving isn't just dangerous for caregivers—

there is a stubbornly persistent issue of elder abuse as well. Robotic caregivers won't abuse, insult, threaten, or steal from elders, so perhaps it isn't surprising that 80 percent of older adults would prefer to receive care from robots than humans.* (*"The Silver Economy: Japan Embraces Future of Robot Care," *Financial Times*).

How Does this All Play Out?

Let's consider the example of Japan, home to the world's oldest population, for a preview of what life may be like in the US by 2030. For every 100 working age Japanese, there are 44 elders. In response to the predicted shortage of 1 million caregivers in the next decade, Prime Minister Shinzo Abe has called for a "robot revolution" and Japanese manufacturers have been quick to respond. Panasonic introduced Resyone, a real-life transformer that shape-shifts from bed to wheelchair.

> **Investment dollars are pouring into private robotics companies. The number of industrial robots shipped annually is expected to double within the next two years.**

Honda, Toyota, and Mitsubishi have also jumped in with innovations such as robotic exoskeletons that increase the wearer's strength tenfold, and self-reliance support robots that help elderly people who have difficulty getting around. And we can't forget RIBA, a soft carebot with a striking resemblance to Baymax, a healthcare robot designed and programmed to be a personal healthcare companion in Disney's 2014 animated film, Big Hero 6.

If you are still not convinced that this is the direction things are moving, just follow the money. Investment dollars are pouring into private robotics companies. The number of industrial robots shipped annually is expected to double within the next two years. Robo Global is the first fund to identify robotics as an investable asset class, and is experiencing tremendous returns; one of their featured investments, iRobot, is up 115% in the past year.

The investment driver is the emergence of Artificial Intelligence (AI), which for the first time can put a real brain into a robot, allowing it to autonomously interact with the world of people and objects. And the money shows it. From 2013 to 2014, AI investment dollars tripled, with multi-billion dollar investments by Goldman Sachs, IBM, and Google.

It won't be long until elders are living in Internet of Things (IoT)-enabled smart homes governed by master bots (like a supercharged Google Home or Alexa) that coordinate carebots like Reysone and RIBA.

These carebots will be enabled to assist with the activities of daily living and provide emotional support; manage automatic medication dispensers to improve prescription adherence; track behavioral patterns; provide reminders; call for autonomous transportation services; and continuously communicate with family members and health care providers.

According to Gartner's latest Hype Cycle—the technology industry's predictive model—the technologies required for revolutionary change in elder care delivery already exist, and their integration is only a few years away.

Leading the pack are connected homes, smart robots, IoT platforms, and affective computing. In as soon as the next five years, we will see pilot carebot programs followed shortly by mass adoption. By the time you need long-term care, it's a fair bet that Dolores, Teddy, and Baymax will be ready to serve you.

Technology Can Transform the LTC Insurance Industry

Non-human caregiving has the potential to reduce

risk in both a physical and claim management context, resulting, ultimately, in lower, more predictable claim costs and achieving the elusive "bending of the claim curve".

There is work to be done to realize the potential, and it's not too soon to begin. Certain steps can be taken right away. For example, the definition of Durable Medical Equipment, which is covered under most policies, can be expanded to include wearable tracking devices, medication dispensers and other items designed to support independent living. Such items might also be paid for under a policy's Alternate Plan of Care provision.

As new policy language is developed for the next generation of coverage, carriers may wish to revisit the value of offering tax-qualified policies, or modify the requirement for "substantial assistance from another individual" to include non-human assistance. Policies that allow for robotic assistance may ultimately be of more value to consumers than the tax advantages offered by TQ policies and is a trade-off that insurance companies should consider.

Technology will transform long term care service delivery and change the care paradigm—the question is whether it will also transform the LTC insurance industry.

ABOUT THE AUTHORS

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Bill Comfort, CLTC®

"Seven out of ten—70%—of Americans will need extended care at some point in their life."

This now-ubiquitous stat carries as the supposedly credible source the United States Department of Health and Human Services.

SPOILER ALERT: I am about to shoot the LTC insurance industry's most sacred cow.

In the context of marketing LTC insurance—or in reporting on extended care and LTC insurance—70% is a lie. And like any other lie it is dangerously ineffective in motivating people to take action. In addition, I will argue that the loud repetition of "70%!" is actually driving many of our prospective clients away from effective engagement in meaningful extended care planning.

Where does 70% really come from? (Hint: it is not from an HHS study.) What does this number really mean and is it even relevant to a discussion of extended care planning and specifically funding professional care with LTC insurance?

"There are three kinds of lies: lies, damned lies, and statistics."
Mark Twain
famously quoting Benjamin Disraeli

Long-term care (LTC) insurance companies, agents, and the media—both the mainstream and financial services media—love statistics, especially the statistics that "prove" the risk of needing care is huge so consumers should pay attention and buy LTC insurance. The LTC insurance industry plasters the percentage risk of needing extended care—at some point in your life—all over its marketing materials, if not big and bold on the front page. In turn, reporters, columnists, bloggers, and social media posters endlessly repeat this seemingly frightening fact:

If scary statistics about the risk of needing care were effective, we should have a robust, growing LTC insurance marketplace as the Baby Boomers, who have now fully vested in our key buying demographic aged 50 to 70, demand to purchase coverage for this "obviously" significant risk. Yet we are selling barely a quarter of the amount of traditional LTC insurance that we did 13 years ago, and, no, linked-benefit policies have not made up the difference—in lives or equivalent premium dollars—not even close.

And again, no, it is not because of rate increases—on new and/or inforce policies—nor because there are fewer carriers in the business nor because policies are too complicated nor because of "Medicaid crowd-out" nor because consumers are in blind denial nor because we do not yet have a scary-enough statistic.

The excuses above do contribute to an inherently complex marketplace, but sales of LTC insurance have dropped and remain sluggish because the great insurance agents and financial advisors have utterly failed in their jobs to proactively raise the subject in the context of effective insurance, investment, and retirement planning.

Statistic Inflation

When I started selling LTC insurance in the early 1990s the go-to stat was this:

> **"43% of Americans over the age of 65 will enter a nursing home at some time before they die."**
> *New England Journal of Medicine*
> February 28, 1991

Agents quoted it endlessly, graphically rendered it in full-color laminated flip charts and slides suitable for big screen projected seminar selling. We even rounded up to 50%, "It's one out of two"! *The New England Journal of Medicine* (NEJM) was an unimpeachable source with credible data, but ultimately 43% was a worthless motivator.

First, the data only looked at nursing home admissions in 1986—there were thousands of people in the data, so it was highly credible, but it was still nursing home-only. By early 1991 assisted living and non-medical home care were on the horizon, but access and usage was very limited and not even recognized by the NEJM authors.

Second, and more importantly to this screed against statistics, 43% was misleading. Once, after quoting this "scary" statistic—as I had been taught—to an engineer, he left my office and before our next appointment visited the Washington University Medical School library that had a copy of the February 28, 1991, Vol. 324, No. 9, issue of *The New England Journal of Medicine*. He read the article on pages 595-600 titled, "Lifetime Use of Nursing Home Care" by Peter Kemper and Christopher Murtaugh. The 43% stat is right there, in the opening, bold-type abstract in paragraph two. But what was the risk for staying for a long time versus just entering a nursing home?

According to the authors' estimate, only 30% of people age 65 and older would stay more than three months—a clear line between "short-term" and long-term care. And only 24% would stay in a nursing home for more than one year, the duration that begins to create significant financial strain. More than five years: only 9-percent. While these remain statistically-significant risk numbers, when compared to 43% (or 50%), they are significantly lower and therefore psychologically much easier to dismiss.

My engineer prospect—like all prospective clients—left my office hoping, if not believing, he would be in the 57% that would not go into a nursing home or need care. After reading the NEJM article, he told me the significant risk in his mind was for more than one year, therefore he did not need to be in the 57%, he could be in the 76% or even 91% group that would not need true "long" term care. I could almost feel the self-inflicted bullet wound in my foot.

Over time the statistics appeared to improve. By

the mid-1990s we had credible studies that added and measured the risk of entering an assisted living facility or needing home care. The lifetime risk for anyone: 50%. Over age 65: 60%. For couples over the age of 65, the risk of at least one needing some type of care: 65%. And now: 70%! A LTC insurance industry advocacy group has even tried to manipulate the data to suggest that the risk was 75% or "three out of four". It is like a bizarre auction: if we could get a high-enough scary stat, then people would finally start to buy.

Yet sales declined and continue to languish.

The Mother of All Statistics

Why do we expect—or think we need—some scary risk number to motivate consumers to take action and buy LTC insurance?

What is the statistical risk of dying, "at some point in your life"? Right, 100%. So why is this statistic not boldly, endlessly quoted in every brochure and article about life insurance? The answer is simple: Statistics do not motivate people to purchase life insurance, even though the risk is one-hundred-percent!

Why? Because people do not believe they will die tomorrow. The effective sale of and use of life insurance is not based on a careful measurement of the risk at any given point in time, rather the purchase of and use of life insurance is based on a deep, personal examination of the consequences of an unexpected death. The consequences are not to the insured, he is dead, but rather to those he loves and for whom there is a continuing financial responsibility even after death.

For insurable clients in their 20s, 30s, 40s, 50s, and even older, the risk of dying in any one year and over the next 10, 20, or 30 years is literally, actuarially in the single digits. For buyers of life insurance the risk in their mind approaches zero, but the consequences are unmeasurably catastrophic, leading to compelling reasons to purchase coverage.

Long-term care insurance is exactly the same. The risk can, and does approach zero especially in a prospect's mind, but the consequences—both personal and financial to those the client loves—are catastrophic.

Emotions, Belief, and Facts

When it comes to deeply-held, emotionally-connected beliefs, "facts" are both a security blanket and nightmare.

Human beings are psychologically wired to discount, if not dismiss, information that makes us uncomfortable and that conflicts with our existing beliefs. This is normal. When presented with information that challenges our most closely-held beliefs—even if wrong—it is emotionally painful. Psychologists call this reaction "Cognitive Dissonance". When faced with a fact-challenged conflict, people naturally avoid information and situations that would increase this discomfort. Simultaneously we will selectively seek out information that supports our current belief system. This mental process is also referred to as "Confirmation Bias."

When the subject of extended care planning is introduced by an agent or advisor a common response is, "It's not going to happen to me. (I don't believe it will ever happen to me.)" When directly challenged with facts to the contrary—like a scary 70% statistic—many people will actually harden their current belief even if still wrong. Repeatedly badgering prospective clients with statistics does not produce a change of belief, it actually builds the psychological walls higher and thicker.

The 70% Lie

The only identifiable source data for the "70%" LTC statistic is an academic study of other studies and sets of data that attempts to project an estimate of the need for care after age 65. "Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect?", Kemper, Komisar, Alecxih, *Inquiry*, 42: 335-350 (Winter 2005/2006). The study actually

cites a slightly lower figure: 69%, but why not just round up?!

Here is the real problem: In order to be in the 70% a person would either need help with only one Activity of Daily Living (ADL) or help with four Instrumental Activities of Daily Living (IADLs), neither of which would qualify anyone for benefit payments under a tax-qualified LTC insurance policy. Yes, some help is needed, but by these initial measures the help does not rise to the level of triggering LTC insurance benefits. Thus, "70%" in any context related to LTC insurance is a marketing lie.

According to various LTC insurance actuarial and claim studies policies with tax-qualified LTC benefit triggers—two out of six ADLs expected to last at least 90 days or a severe cognitive impairment requiring substantial supervision – and with a 90-day elimination period there is about a 30% chance the policyholder will receive at least one dollar in benefit payments, and there's only a 20% chance benefits would be used for more than a year. So, how compelling is that from a sales standpoint? Not compelling at all, especially if you have been screaming "70%!" at prospective clients over and over.

What if the risk is really only 30% or 20% or even less? It does not matter because the consequences of providing informal care and paying for professional care are catastrophic.

Why Statistics Never Worked

Many agents say, "But I've always used statistics in my presentations with great success."

The vast majority of LTC insurance buyers have and continue to report that they had to seek out and ask an agent or advisor about buying the coverage, or they responded to a direct mail solicitation which is essentially the same. And the main reason they report for wanting the coverage is because of a personal experience with someone they love needing care.

I call these people "self nominators". And, of course, they are great prospects because they really do not have to be sold anything, they certainly do not need help seeing the need, they have lived it. When you quote any type of risk statistic to these people, they do not really accept it as a motivating fact as much as viewing it through the lens of the emotional consequences that they have felt.

Bottom line, facts do not change beliefs. Emotion changes beliefs. Risk, measured by a statistical proof, never motivates people to buy insurance. Ever. The profound potential consequences—emotional, physical, and financial—of an early death, disability, or a need for extended care are what move people to create meaningful plans and fund those plans with insurance.

Establishing the Risk

Anyone who feels that trying to sell LTC insurance to someone who has not yet had a deep personal experience with caregiving is too hard and should be avoided is not a professional agent or advisor. It is not a "one call close"; it is a planning process that takes time, patience, and a responsibility to stay engaged until the great clients who love their families do the right thing. It is our job, our professional responsibility to engage clients in a discussion of issues that require pre-planning. It is a job that often takes multiple appointments over time.

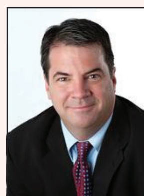
The great insurance agents and financial advisors must begin to proactively raise the subject of extended care planning, funded with LTC insurance, with all of their clients without exception. These are people who do not want to talk about the subject but who need to. They are not yet ready to buy the insurance, but they need to. They need our help. People need an agent or advisor who is willing to take the time. If only 10% of Americans own LTC insurance, and if at least 40% to 50% of Americans can and should buy the coverage, then there is a huge market waiting for us to finally start doing our jobs, and a nearly unlimited opportunity to succeed professionally.

Instead of fighting the existing, natural belief that, "I'll never need long-term care," with statistics that only create more resistance and argument, use another deeply-held, emotional belief that everyone over the age of 50 already has: They believe it is reasonable that they could live a long life, and therefore must save and invest enough money so they do not outlive their money in retirement. That is the greatest fear of retirees and pre-retirees. The only effective way to establish the risk of needing care is to use this existing belief:

"If it's reasonable to expect to live to 85 or 90, if not longer, isn't it reasonable to think that you may need care for a few years along the way?"

The only answer is, yes. You do not need a statistic nor do your clients, because if you need care the consequences of providing that care—emotionally, physically, and financially—to those you love are devastating. Consequences motivate people, never risk. Establish the risk, simply and quickly, with a reasonable thought tied to an existing belief, and close the deal with consequences. Trash the stats.

ABOUT THE AUTHOR



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How Would Proposed **Medicaid Block Grants** Affect LTC Planning?

Tom Riekse, Jr.

With President Trump and a Republican Congress, there is a great chance that Health Care changes will be enacted. And one very possible outcome would be the "block-granting" of Medicaid to states. It's a policy that both the new nominee of Health and Human Services Secretary Tom Price and Speaker of the House Paul Ryan support. What are the implications of block granting for those needing or planning for long-term care?

A little background. Medicaid is the largest payer of LTC costs, paying for about 60% of nursing homes expenses. Almost all states have also applied and received "waivers" from Medicaid allowing states to provide home and community based care. In 2014 Medicaid paid up to $150 BILLION in LTC costs.

Current Medicaid is funded through a 60's era formula of cost-sharing between the states and the federal government. The percentage of federal funding for basic Medicaid (not expanded) ranges from 50% in states like California and New York up to 75% in Mississippi.

There will be a big fight on long-term care funding in the foreseeable future. Medicaid for long-term care can be there one day and the next day possibly go "poof".

Now, over 50 years after the passage or original Medicaid, big changes may be looming. Block grants would simply hand over money to states and allow them to develop plans to take care of the poor with maximum flexibility. In fact, the nominee for Health and Human services, Tom Price, testified that states could determine who was eligible for coverage. Medicaid would transition from being a federal entitlement program to a state based program.

With this type of flexibility, states could take different approaches in what type of care they provide. The level of care may dramatically vary by state depending on the financial condition of the state as well. Some states, like Illinois, so underfund

Nursing Homes that some are becoming a mix of seniors, ex-felons and drug addicts. The predictable result—lawsuits and fewer facilities. Other states are dealing with wait lists for home health care.

Add in a shortage of health care workers and declining immigrant population, and the crisis that many predicted for years could be said to be officially here.

The concept of Medicaid "planning" is becoming more and more an oxymoron—using things such as asset transfers or annuities in order to preserve personal assets while having the states pay for quality care is becoming more unrealistic.

Recently, representative Markway Mullin of Oklahoma (a 39 year old Gen-X) has introduced a bill titled the "Close Annuity Loopholes in Medicaid" Act. If we aren't already divided enough as a country, get ready for the generational fights related to boomers heathcare costs.

There will be a big fight on long-term care funding in the foreseeable future. Medicaid for long-term care can be there one day and the next day possibly go "poof". Nothing is guaranteed—and even some LTC carriers are facing big struggles to meet their projected claim needs. A prudent LTC planning approach looks at different scenarios to do what is in the best interest of a client.

ABOUT THE AUTHOR

TOM RIESKE, JR.

A co-founder of LTCI Partners, Tom is focused on educating others about the need to plan for care and broadening product distribution to more channels.

Learn more at LTCI Partners blog: **www.ltcipartners.com/blog**

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Rethinking the Intent of the Life Insurance Conversation

Harley Gordon, J.D.

The generally accepted orthodoxy for selling life insurance is based on need; agents, brokers, and advisors (hereafter referred to collectively as "agents") are taught that here is in inherent need for the product to cover the many financial commitments a client has to his or her family.

Underlying this strategy, which is generically referred to as "needs-based selling", is a focus on the personal and financial needs of the survivors, those who will continue to live. Problems arise, to the frustration of many agents, when the intent of the conversation focuses just on the numbers and on how particular life policies work or what they cost instead of what the coverage does. In other words, the prospect does not feel the need for the product because the agent as failed to properly develop the deep personal commitments that justify the need.

This is particularly true when working with perhaps the most difficult demographic in insurance: healthy men and, to a degree, healthy woman.[1]

These prospects do not believe they will die during working years. This article takes a studied approach in helping the reader understand the reason underpinning this conviction and then suggests an approach that fundamentally changes the *intent* of the conversation.

Needs-based selling is founded on the irrefutable fact that the most efficient way to keep financial commitments in the event of a death during working years is with life insurance. The intent of the conversation, therefore, is to explain the consequences to the client therefore confirming the need for the product.

The language taught reinforces the intent:

- Find the need for insurance based on the client's finances.
- Appeal to the client's family and explain what happens if he dies and there is no life insurance.
- Talk about the future and how life insurance protects the family.[2]
- It's important to understand the serious gap in coverage and address it to clients.[3]

Does Needs-Based Selling Facilitate the Sale of Life Insurance?

The widespread acceptance of needs based selling in marketing and sales systems suggests it is effective, but with whom? When asked, agents will state with little equivocation that their sales come from clients who fall generally into three categories:

1. Those with serious health issues.
2. Those who witnessed the devastating emotional, physical and financial

consequences to a close friend's family from the individual's death during working years where there was little or no life insurance.

3. Individuals (particularly healthy men) who did not want to meet but did so out of respect for their wives or partners.

A compelling case can be made that the first two groups are self-nominators; no selling system is necessary because they are motivated by a common denominator: consequences which they already feel:

- For those who are diagnosed with a potentially life-shortening illness, they now can imagine the serious consequences to those they love at their death.
- For those who had a friend die they want to make sure that what his (or her) family went through, his family does not go through.

However, does a product-focused needs based selling system work with the demographic necessary to increase production: healthy men and, as stated, to a degree, healthy women with no prior experience? The answer is rarely.

The Numbers are Dispositive

Lifehealth Pro quoted a LIMRA forecast stating that production was essentially flat for 2016.[4] A Deloitte survey[5] provides insight into why sales are anemic based on a representative cross-section of consumers:

- Need for life insurance:
  - 26% stated they were too young even with a spouse/partner and or children.
  - Dependents provided for without life insurance.
- Affordability:
  - More important priorities represented 55% of answers.
  - Want coverage but too expensive.
  - Let policy lapse because of cost.

These facts are reinforced by a 2015 LIMRA survey[6] that found:

- 29% of millennials believe that saving for a vacation is more of a priority then purchasing life insurance,
- 23% of Gen Xers said paying for recreational activities, such as going out to eat, movies or shopping, was a priority over purchasing some or more life insurance.

Is needs-based selling helping to overcome these obstacles and objections? That is, if agents were not using this selling concept, would sales be down further? There is no survey that supports this premise; however, it appears not to be an efficient use of agents' time and resources especially today when everyone practices some form of needs based selling.

Prospects cannot distinguish one agent from another, and more significantly, they are not being helped to develop the most meaningful emotional and psychological reasons to buy. Assuming that needs-based selling is the most effective norm, it is difficult to see how it is generating meaningful production based on the classic "10-3-1" sales formula (ten contacts, three appointments and one sale).

There is a common denominator in the excuses expressed by consumers: every objection is in response to a presentation based on an analysis for the need to buy life insurance to cover essential financial expenses. Although not segregated by gender, few agents would argue that the objections are generally voiced by healthy men, and as long as the *intent* of the meeting is to sell life insurance it is unlikely the market can be expanded significantly.

Doing so begins with exploring what I refer to as the psychology of risk assessment.

Assessment of Risk Determines Position on Life Insurance

Evolutionary psychology is the study of how the brain developed both genetically and socially to allow our ancestors to adapt and ultimately survive a hostile environment. It provides evidence on the

issue of why men find it so difficult to proactively act to manage severe risks in life.

Through a process referred to as gender differentiation, men's brains generally developed characteristics that favored hunting and protecting.[7] By definition these tasks carry inherent risks of death or serious injury. If men sat and ruminated, wrung their hands, or worried about them it would lead to hesitation or worst not hunting. Reacting either way could cause themselves and their family to perish.

Therefore, men developed the innate ability to separate the risk of an unexpected death from the consequences of that event.[8] If a male believes he will not die, then, by his logic, there are no consequences to him or others. In other words, men typically dismiss or severely minimize risk.

The fundamental problem with needs-based selling is that, as stated, it presupposes that the targeted demographic believes they could die, therefore creating a logical need for life insurance. For the targeted market of healthy males, generally, that is not their belief. If there is no risk of dying, then they see no reason to purchase a product to cover the consequences because in their mind there are none.

Women's brains generally developed traits that favor the nurturing, protecting and day-to-day raising of children.[9] As such, women would naturally be expected to be far more careful in engaging in risky behavior because of the severe impact it would have on children. Therefore, unlike men who separate risk of a serious event from its consequences, women generally look at them as one in the same: a risk is a consequence.[10]

The result of the dichotomy is predictive in helping you understand the objections you generally get from healthy men. For example, if you ask a healthy spouse or partner if he believes he is going to die during working years, the answer likely is a simple, but emphatic "no." Why? Because, assuming he loves his family, he cannot see himself as not being present to protect and provide for them. If, as stated, there is no risk of dying, there can be no consequences to the family and why purchase life insurance to cover a non-existent event?

If you ask his wife the same question, she will almost certainly pause and then answer, "I hope I don't" or "you never know". The response reaffirms her belief that the risk of an unexpected death and its consequences to others, especially her children, are viewed as a singularity.

Hopefully this gives you insight into why you generally want a woman engaged in the conversation when discussing life insurance.

Changing the Intent of the Conversation Changes the Results

Any attempt to increase production with the targeted market of healthy men (and again to a degree healthy woman) must be based on bringing them back to why they created a family or made a commitment to a partner. For many men, these commitments bring great purpose and meaning to their lives. It deeply reinforces their belief that they are valued for the traits that drive them.[11] Any event that threatens the wellbeing of those the client has promised to protect and provide for and people will trigger the innate response of finding ways to protect them.[12]

That commitment is determined through a process referred to as **Commitment Driven Buying**. The *intent* is not to find a need for insurance based on a simple financial risk, but to help the prospect identify a deep-seated emotional need to protect others. Commitment Driven Buying never suggests that the agent find ways to directly sell life insurance because the assumption is that the client sees no need to cover an event he deeply believes will not happen.

Rather, the discussion starts with reinforcing that very belief: it will not happen. But it then transitions to a conversation that focuses on a series of questions that compels the client to observe how his commitment to provide for and protect his family would be severely undermined if he did die.

Life insurance is then positioned as an extension of his (or her) absolute commitment to protect those he loves. Only finally, when seen as a must-have, does the amount of life insurance needed become a factor.

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12 This observation is also relevant when talking to women. Suggestions for how to transform the conversation with healthy men also apply to women who are uncomfortable discussing the subject of an unexpected death.

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