



Daily News

MONDAY, JUNE 26, 2006

SAN FRANCISCO, CALIFORNIA

Nelson Leaves Office On A Wave Of Optimism

By Steve Piontek

■ The first general session of the 2006 annual convention saw NAHU President John Nelson taking leave of his year in office with a passionate statement of why he is so very optimistic on the future of agents in the health insurance business and about NAHU.

Nelson gave three reasons for his optimism. First, he said, we will have jobs “as long as the American public has what it wants and needs—choice.” This is why competition is so important in the business, he said.

“The most effective way for insurance companies to deliver their products is you, the agents,” he continued, “and the insurers know it. Each agent has relationships that companies can’t get to without agents.”

The second reason Nelson feels so optimistic is that the rise of consumerism is good for agents. Americans are starting to ask two questions, he said, which are: How much does it cost? And why does it cost so much?

As information about health care becomes more transparent the situation for agents will become even better, according to Nelson, as consumers start to make decisions on health care based on the information available.

The third reason for Nelson’s optimism is the “role of all of us in this room. We care about our clients and this business.”



Finally, Nelson said, people are hungry and thirsty for good news. “We believe there’s hope and you need to share this. We’ve been winning the game for decades—and you need to share this. The state of the union is that we are awesome and we make a difference.”

The keynote speakers who followed Nelson were the well-known Washington, D.C. power couple—Mary Matalin and James Carville, who are married but reside

at polar opposites of the political spectrum.

Speaking first and after many barbs at her husband, Matalin encouraged the audience to think about issues of war in the information age, a war she said that she is not sure our system is equipped to deal with.

“We are losing when it comes to using tools in the information age,” she said. “Our opponents are more effective because they use tools to incite hatred. They understand we are vulnerable here and they know how to use our media.”

She then proceeded to criticize publications like the New York Times which she said have leaked stories on programs that have been effective in keeping the country secure.

“Given the effectiveness of these programs, what justifies publishing articles regarding them? We don’t need to know everything.”

Carville, in his turn, looked at the midterm Congressional elections and saw the House ending up in a 3-seat margin plus or minus for either party. And after the election “there will be very fragmented and close majorities in both the House and the Senate,” he said.

Looking to 2008, Carville said the



important questions will be: “How does America deal with the world and how do we view the world?” The rise of neo-isolationism is a real possibility, he said, and this is separated from being liberal or conservative.

This philosophy of putting America first is being tested by the immigration issue now, Carville said, which is testing “the unholy alliances in both parties.” But don’t expect the neo-isolationist message “to be delivered by some wild-eyed radical waving his arms,” he said. Instead, it will be delivered reasonably and will resonate with a lot of people. ▲



First-timers at a NAHU annual convention got the lay of the land regarding the meeting in an informative and interactive session with association veterans early yesterday morning.

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All on-site photos by Jim Tkatch, www.tkatchphoto.com

Today's Education Session Highlights

Monday, June 26

Jumpstart your afternoon with educational workshops that are guaranteed to sharpen your knowledge base:

► **Legal Banking & Regulatory Issues Associated with HSAs**

1:30pm – 2:30pm (repeat at 2:45pm) Seacliff A/B

Presented by John Hickman and Kevin McKechnie

So you think you know everything you need to know about HSAs? While setting up an HSA is somewhat short of rocket science, there are a number of hidden traps and pitfalls that can result in serious financial exposure for you and your clients. John Hickman, partner with the national law firm of Alston & Bird LLP, and Kevin McKechnie, staff director of the HSA Council, will address what you need to know in order to properly set up and administer an HSA.

► **Increase Your Productivity and Income with Smarter Time-Management**

1:30- 2:30pm Seacliff C/D

Presented by Kimberly Martin

Do you look around at the end of the day and realize that you haven't accomplished anything you set out to do? Are you a wearer of many hats but most of the time the hat you wear is of the "fireman" variety? If you answered yes to either, this workshop is for you! It is designed to get you out of the to-do phase and into the completed phase by the end of the day. Every successful person has to be a good time manager. You can work smarter, not harder, to increase your productivity and your income.

► **Making sense of Medicare Part D – Tools and Techniques**

1:30pm – 2:30pm (repeat at 2:45 pm) Bayview B

Presented by Peggy Olson and John McCreedy

Peggy Olson of NAHU's Medicare Working Group and John McCreedy will provide an overview of the ethical issues producers may encounter when selling Medicare-related products, particularly those relating to Medicare Part D. The overview will include information on what producers are and are not allowed to do concerning marketing Part D products to clients, as well as a review of resources that NAHU's Medicare Working Group, CMS and Medicare Part D carriers have developed for producers on this subject.

► **CDHC - New Market Segment Opportunities**

1:30pm – 2:30pm Bayview A

Presented by Corrie Hanrahan and Melissa Canellis

Today's rapidly changing health insurance marketplace is characterized by an increasing number of uninsureds, rising costs of health care, and the emerging popularity of Web-based sales and service. As a result, consumers are taking a more active role in addressing their health care costs. Representatives will be providing information about recent research findings in the health insurance industry, consumer-driven health plans, including basic benefit and qualified high-deductible plans, new market segment opportunities, and how technological advancements are impacting the relationships among consumers, agents and carriers.

► **High Tech Disability Insurance – The Future of Your Commissions**

2:45pm – 3:45pm Seacliff C/D

Presented by Steven Crawford


Steve Crawford will describe in detail the short- and long-term future of the individual DI industry. Come see how the Internet has changed the industry over the past five years, and what to expect coming down the road. Companies have access to information like never before, allowing them to make informed changes much faster than we have ever seen. This is only the tip of the iceberg. Steve, one of Guardian Life's top producers, will explain what the disability insurance industry's next steps are.

► **Increase Sales by Managing Your Website and Referrals**

2:45pm – 3:45pm Bayview A

Presented by Jeremiah Demariais

This Web-marketing power hour will show you how to use Web tools to close more policies. Agents looking for strategies to increase sales will not want to miss this event. Discover the seven step-by-step online secrets successful producers are using to increase their book of business. Through real-world case studies you will learn how to get your website visitors to convert into exclusive leads, why agents using online quoting tools are closing more sales; how to use autoresponders to capture lost business; how to use e-mail to speed up sales and be CAN-SPAM compliant, and more.



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Agent In The Street: HSAs Will Have Bright Future

By Linda Koco

■ Health Savings Accounts got mostly thumbs up here during agent-in-the-street interviews with *National Underwriter* during the 2006 NAHU annual meeting. Here is what they said:

John C. Parker, RHU, LCTP, of the Parker Agency, Niantic, Conn.—HSA sales have grown steadily for the last year. People are seeing they can save 40% to 45% by switching to HSAs. What is good for the clients is good for the agent's practice. HSAs are absolutely good for America, too—because of the savings and also because HSAs will get people involved in their day to day care. They're questioning whether they really need an MRI, for instance, and asking about generic drugs. It's the direction of the future.



John Parker

Lonnie Klene, FLMI, ACS, of Klene and Bratsakis Insurance and Financial Services, Houston, Tex.—I've sold a few HSAs, primarily to small businesses, doctors and lawyers who see the value and can

use it as a tax write-off. There's not much interest from individual employees, who see it as taking something away (i.e., their copays). For me to push it, we'll need to have consumer access to cost information. Right now, consumers can't easily find out what things like X-rays cost. HSAs will be good for the country, but it will take a while; we need more transparency.



Lonnie Klene

Ryan Thorn of Ryan P. Thorn Insurance Planning Inc., South Jordan, Utah—I've sold a few HSAs—mainly to individuals—and a lot of groups are looking at it. I foresee it will expand when the price differential will have a bigger spread. HSAs are



Ryan Thorn

absolutely good for the agent's practice because they give us more options and they are taking us to consumer-driven health care. We have to get to that place, because people are desperate for new health care solutions. That's absolutely good for the country. As we sell more HSAs, there will be more pressure from consumers to see the costs and more information will be available.

James W Goodacre II, RHU, REBC, Carmel, Calif.—Sales have increased significantly since January 2005 when first available, and people are asking for it. HSAs are good for the practice because we need to keep people insured; if premiums keep going double-digit, eventually everyone will be priced out of the marketplace. Unless agents have a product people can buy, we'll be extinct in no time. They're good for the country, too, because HSAs make people think about how much they pay for health



James Goodacre

care. This puts consumers in the driver's seat where they want to be, they can't afford premiums to keep doubling.

Sandy Longacre of Longacre Financial Services, Inc., Dallas, Tex.—Interest is increasing and now I am quoting and including HSAs in my presentations. I've already sold a couple HSAs to corporate clients. Another corporation decided to start one after they saw how their plan costs will go up in the next 5 years without it. At first, employees tend to be negative on it because they no longer have copays. But once they understand and use it, they start to like it—because they are paying less out of pocket. The best prospects are people who understand the tax advantages. Others don't like it because it seems complex. HSAs are definitely good for country, because they will help stabilize health care costs over the long run as people become more conscious about what they spend. ▲



Sally Longacre

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T8588-S2 (6/06)

Seidman Lays Out The Top Three Lessons From World Class Sales Professionals

By Linda Koco



Dan Seidman

■ Learn from other people's mistakes, urged Dan Seidman here at the annual meeting of the National Association of Health Underwriters.

A top sales coach from the Chicago area and creator of the SalesBlunders.com website, Seidman collects "sales horror stories" and uses them to teach others. In the process, he has culled several characteristics of world class sales professionals—three of which he presented during an educational session at NAHU.

To be successful, he began, "we need to recognize the diversity of all the people we talk to." This entails having "customized conversations" with prospects, not just repeating the same script learned from years ago, "and then bringing it to a close"

One suggestion: Have people put down on paper 5 or 6 things that they think distinguishes them. Examples from

his own life include playing an accordion, doing public speaking, investing in real estate and playing softball. This information can then help tailor the presentation.

But sales people cannot just sell to all prospects, Seidman said. One lesson he has learned from world-class sales professionals is that they excavate for clients, "disqualifying" those that are not likely candidates." In other words, "Dairy Queen your prospects," he said.

Too many sales reps qualify their prospects first, instead of disqualifying them and seeing which ones are likely to do business, he said.

"Think of things (about a prospect) that give you a bad sense," he suggested. Use those characteristics to

develop an understanding of which clients not to pursue.

To do that, he recommended first writing down the profile of the perfect client. Then create a list of questions that will help determine how well a prospect matches that profile. Finally, "relentlessly turn your back on those who don't fit," Seidman said.

Don't go negative on people or "black hat" them, he cautioned. The point is to generate some sensitivity on this. It gets to be an art.

Be professional about this, by asking the right questions, but "be real too," he stressed. For instance, if a question is hard to ask, "tell the prospect how you feel asking it."

Seidman, continued on page 8 ▶

Too many sales reps qualify their prospects first, instead of disqualifying them and seeing which ones are likely to do business.

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1933 - E.H. Mueller	1953 - John Galloway	1973 - Tracy M. Lounsbury, Jr.	1993 - Joseph Lee Pugh, RHU, CFP
1934 - C.G. Schillerstrom	1954 - Thomas Callahan, RHU	1974 - C. Gordon Hayes, RHU	1994 - William G. Wetzel, RHU
1935 - Armand Commer	1955 - Leonard A. McKinnon	1975 - Robert J. Bedwell, Jr., RHU	1995 - Jay B. Grant, RHU
1936 - W. Dwight Mead	1956 - Clifford McDonald	1976 - George W. Emrick, RHU	1996 - Donna Carnall, RHU
1937 - H.A. Coonington	1957 - E.J. Coffey	1977 - Howard R. Sherman, CLU, RHU	1997 - David A. Saltzman, RHU
1938 - Arthur M. Holtzman	1958 - Earle R. Bennett	1978 - James J. O'Conner, RHU	1998 - Dwight M. Mazzone
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1940 - William B. Cornett	1960 - Oakley Baskin, CLU, RHU	1980 - Sandra S. Sternberger, RHU	2000 - Alan S. Katz, RHU
1941 - E.H. Ferguson	1961 - F. Kenneth Stoakes	1981 - Joseph E. Felmeier, RHU	2001 - Michael Matznick, RHU, CLU
1942 - Clyde E. Dalrymple	1962 - Paul M. Klein	1982 - Lewis W. Katz, RHU	2002 - Bynum R. Tuttle, Jr.
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Shelton Surveys The Changing LTC Insurance Scene

By Trevor Thomas

■ Long term care insurance has seen significant changes in the past few years that could have a significant impact on sales for years to come, noted Phyllis Shelton, president, Long Term Care Consultants, Nashville, Tenn.

Speaking Sunday morning at a session here on successful sales techniques,



Phyllis Shelton, president, Long Term Care Consultants

Shelton noted the Deficit Reduction Act enacted in February is behind much of the transformation. The DRA has made access to Medicaid more challenging for many seniors, she said, and seeing that, consumers of all ages will recognize self-insurance of LTC costs is a much less attractive option.

On top of that, consumer awareness of LTC insurance is growing, thanks in part to help from state and federal promotional efforts and attention to the increasing cost of care and tighter underwriting rules making it harder to get a policy as people age, Shelton said.

Another trend has been toward younger buyers. LTC producers increasingly are realizing the younger prospect is an easier sale for a number of reasons, including the fact 40-year-olds generally have fewer health issues than do 60-year-olds.

In addition, the growth of worksite marketing has helped open up a younger LTC insurance market. The advent of healthcare savings accounts is a huge factor in feeding the growth in of LTC insurance in worksites, she noted. Shelton said the average age of individuals buying the product through their employers is 46, compared to 59 for those buying individual policies on their own.

The average premium of \$576 for

worksite sales is also much easier to handle than the average of \$2,700 for the typical individual policy paid up at age 65, she noted.

Another key trend Sheldon has seen in LTC insurance selling is in the selection of benefits. She noted the growth of “short, fat” policies vs. the “long, lean” policies formerly favored by producers—i.e., relatively limited coverage periods vs. lifetime benefits. “Lifetime benefits are here to stay, but three-year benefit periods will get a lot of boomers off Medicaid,” Shelton said.

To a 40-year-old couple \$1,800 a year in premiums would buy three years of benefits at a daily payout of \$140, she noted. “If they waited 10 years to buy, they would be paying \$3,900.”

In addition to being influenced by projections of higher premiums at older ages, younger buyers are also impressed by estimates of the increased probability they would need LTC when in their 60s, she said.

There are a number of important things about selling LTC insurance that have not changed, Shelton observed. Among them is that market penetration is still low. “Sales activity has not kept up with the aging population,” she lamented.

She noted market share of the population aged 45 and up is only 8%, while for those 65 and up, it’s just 16%.

Another issue that hasn’t changed is the increasing cost of care. There is still a 6% annual growth in those costs, about the same as 20 years ago. “The cost of care is still tripling every 20 years,” she said.

Also immutable is the main objection producers still hear: LTC insurance is “nursing home insurance.” This despite the fact less than 20% of long term care is delivered in nursing homes, she pointed out.

And that brought Shelton to the final timeless truth of LTC insurance sales: teaching the consumer about why it’s needed is paramount to making the sale. “The style of selling to boomers must be educational, or they won’t be buying,” Shelton insisted.

Education has to be in the language the prospect understands, she explained. That requires comfort with emotional issues. However, most LTC producers are not at ease making that kind of sale, she said.

But it’s the emotional aspect of the sale that buyers understand, she said. “You have to talk about, ‘This is how you protect your family,’” she said, “not about asset protection.” ▲

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Seidman On Sales

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Seidman spoke favorably of guerrilla marketing techniques that help draw a lot of prospects. But he said small business people especially need to filter out prospects who don’t fit. Otherwise, there will be too many prospects in the funnel at one time.

Seidman’s second lesson was “don’t crash on contact.” Opening is more important than closing, he said. He told a story about a workaholic who has a very poor first impression. The rep drank too much one day; then, the rep ended the day by calling his top prospect, while still under the influence. The next day, the man got a phone call from the head of that same company, telling the rep never to call the company again.

To make a good opening, Seidman said, focus on getting a decision—either



NAHU members had an enjoyable time in small breakout groups during Dan Seidman’s sales lessons session yesterday.

a yes, a no, or an agreement to schedule the next appointment (set the date and time).

If the prospect says “I’ll think about it,” that is not a decision, he said.

To create a successful first impression, he suggested these four steps:

- Ask the client to commit a set amount of time to the meeting or phone call.
- Ask for a commitment to honest dialogue.
- Ask for a commitment to a decision.
- Ask, “what did you most want to accomplish today?”

The last lesson is that “world class sales professionals don’t earn combat pay,” Seidman said.

“The question is, how do you handle the frustration and angst with all the bad things that go on in this business?”

The pros recover quickly and move on, he said. They throw the switch and move on. ▲