

## Long-Term Care Insurance

The National Association of Senior Advocates (NAOSA) requires its members to act in utmost good faith when working with clients, in a manner that the NAOSA member reasonably believes to be in the best interest of the client. The NAOSA Gold Standards of Professional Practice™ have been created as an additional tool to aid both consumers and professionals alike.

The NAOSA Gold Standards of Professional Practice™ are created by professionals in their specific fields to minimize, and even eliminate, gray areas that may exist in various business practices. Although these gray areas are often times legal, NAOSA experts generally agree that they do not serve the best interest of the consumer. Members who are non-compliant may be subject to censorship up to and including NAOSA membership revocation.

The goal of the NAOSA Gold Standards of Professional Practice™ for Long Term Care Insurance is the requirement that NAOSA Members **conduct an in-depth analysis and comprehensive approach to solution development**. Although brokers and agents are obligated to ethics rules by the federal and state governments as well as member associations, there are still many gray areas that have not been addressed.

In addition to ethics requirements already in place, the National Association of Senior Advocates member professionals have identified several business practices and/or products that require more clarification or elimination. With the goal of always working in a client's best interest, all NAOSA Members agree to the following:

### NAOSA Gold Standards of Professional Practice™:

**1: Policy Replacement: Policy Replacement is rarely appropriate, even with an older policy facing a rate increase.** Even at the higher premiums, the old policy is probably a good value and worth keeping.

Why retain your current policy?

- Older policies facing rate increases may have lifetime benefits and 5% inflation coverage. These benefits are generally not available in today's policies.
- Benefits in older policies may be reduced to lower premiums, while still maintaining meaningful coverage. This is important if the older policy contains benefits such as those described above that may not be available with a replacement policy.

**Replacement is only warranted if the clients insists in writing that they want a hybrid or linked-benefit product.** These products typically offer guaranteed premiums and a death benefit if long-term care is never needed. **If these features aren't important to the client, a NAOSA Member may not replace the policy.**

**2: Type of Policy:** There are multiple types of policies that may be used to transfer the long-term care risk. Some combine life insurance and long term care insurance, others combine annuities and long term care insurance and there are stand-alone long term care policies as well.

**Type of Policy Continued:**

There is no one best policy type. Consideration must be given to age(s), couple status, income and assets, health histories, source(s) of funds to pay premiums, preferences, multiple insurance needs and state approvals of policies/riders. All members of NAOSA will have a full understanding of the client's situation and needs and will not sell a policy that fails to meet them.

**3: Price Quotes:** Unethical or unknowledgeable agents will generally quote the best possible rate to gain a client's attention. If a client has an unfavorable health history, the final rate offered by the insurer generally will not be the insurance company's best rate as quoted. Unfortunately, the client is likely to accept a higher rate as opposed to starting the process over again with another agent. This is a typical "bait and switch" tactic and is unacceptable to NAOSA Members. All members of NAOSA will ask appropriate questions regarding client health history and obtain underwriting predeterminations before presenting policy illustrations. A higher rate may still be possible after underwriting discloses unknown or undisclosed issues, but obtaining underwriting predeterminations will give the client the best estimate prior to application.

**4: Minimum Asset Requirement:** In general, individuals with limited savings and income are not appropriate candidates for long-term care insurance. However, such a client may still feel some insurance is better than no insurance. Therefore, when recommending traditional long-term care insurance for those with fewer assets, state partnership qualified policies should be presented. Partnership qualified policies permit the client to retain assets equal to the policy benefits when qualifying for Medicaid.

**5: Presenting Multiple Carriers:** Due to the fact that there are fewer insurance companies selling traditional Long Term Care Insurance today, it is extremely important to know one's options. Generally, a prospective client should be educated on the options available as well as the differences between insurance company offerings.

**NAOSA highly recommends that once all options are considered and a plan design "standard" is determined, clients should be presented with illustrations from multiple companies.** In some cases, an agent may be what is known as a "captive agent", a term used for an agent working for a single company. Although usually incentivized not to, many captive agents may still present multiple insurance carrier options. NAOSA recommends that the consumer ask for more than one option. If the agent refuses or cannot, NAOSA recommends a second opinion from another agent.

Are you a long term care professional? We welcome your constructive input to assist in the protection of all consumers. Please [contact us](#).

# Gold Standards of Professional Practice



**Professional Signature:**

I, \_\_\_\_\_, of \_\_\_\_\_  
(Professional Name) (Company Name if Applicable)

agree to uphold the National Association of Senior Advocates Gold Standards of Professional Practice™ as described above.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Client Signature (Optional):**

I, \_\_\_\_\_  
(Client Name)

have reviewed the National Association of Senior Advocates Gold Standards of Professional Practice™ as described above. I understand that NAOSA members are required to uphold to these high standards and face censorship from NAOSA if violated. Complaints may be sent to [info@naosa.org](mailto:info@naosa.org).

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

The information contained herein is intended to be a useful guide in explaining long term care insurance and and is strictly NAOSA's opinion of best practices. As is the case with any product or service, this should not be considered financial advice, an endorsement or recommendation of NAOSA. Always seek a qualified advisor when considering any product or service. For more information on the National Association of Senior Advocates Gold Standards of Professional Practice, please visit our website at [www.NAOSA.org/Professional-Gold-Standards](http://www.NAOSA.org/Professional-Gold-Standards).