



TO: Chairman and Members, Assembly Committee on Insurance
FM: Michael Immel, President
National Association of Insurance and Financial Advisors (NAIFA-WI)
DT: February 12, 2014
RE: **Support for AB 736 – Long Term Care Insurance Commissions**

The National Association of Insurance and Financial Advisors (NAIFA-WI) thanks Chairman Petersen for drafting legislation to follow up on November's Right the Rules hearing.

We urge the members of the Assembly Insurance Committee to support the bill. AB 736 reforms outdated restrictions on commissions on the sale of new and replacement Long Term Care (LTC) insurance policies.

Wisconsin is one of only a small handful of states with such restrictions. They are unneeded because the state has standards, reporting requirements and consumer protections in place to prevent problems from occurring.

As the residents of Wisconsin age, the protections that LTC insurance can provide are more important than ever for consumers and for the State. However, the current rules create a disincentive for agents to invest the resources needed to inform consumers about LTC insurance.

Agents must take additional training (8 hours initially and 4 hours every 2 years) to sell LTC insurance. In addition, agents must invest substantial time educating consumers about LTC insurance options, since it is a product that many people are still unfamiliar with.

Given the training requirements and the time it takes to for agents to review LTC products with consumers, the current restrictions on commissions create disincentive for agents to offer or promote such products. The state should be promoting, not discouraging, the availability of information on ways to **prevent reliance on government programs**. Government should also **help consumers ensure that the types of care they want will be available to them**.

It is important to note that newer LTC products include coverage for alternatives to nursing home care, and many consumers who have older policies should consider whether a newer policy better fits their needs. Newer policies may also qualify for the benefits of the LTC Partnership, helping consumers protect their assets. For those reasons, NAIFA-WI especially supports provisions of AB 736 that reform the restrictions on commissions for replacement policies.

NAIFA-WI members were represented on a committee that the Office of the Commissioner of Insurance created to review the current restrictions on LTC insurance commissions. NAIFA-WI believes it is a credit to the agency that this is the only OCI rule that our organization felt needed to be raised in the Right the Rules hearing.

For more information, please contact Bill McClenahan at bill@martinschreiber.com or 608.259.1212 ext. 4. Thank you for your support.