



April 16, 2014

To: Assemblywoman Mariko Yamada
Chairman of the Assembly Insurance Committee
Members of the Assembly Insurance Committee

Fr: Mike Belote and Julianne Broyles, Legislative Advocates, CAHU
Shari McHugh, Legislative Advocate, NAIFA-California

RE: AB 1553 (Yamada) – Oppose

The National Association of Insurance and Financial Advisors of California (NAIFA-California) and the California Health Underwriters (CAHU), associations representing over 5,000 insurance professionals, respectfully opposes AB 1553, relating to long term care insurance.

For a number of years now, the long term care insurance marketplace has been very volatile and, for many people, the products are simply unattainable. Current law requires comprehensive benefits for all policyholders and the current product approval process makes new product entry into the marketplace and innovation nearly impossible. The law inhibits change and prevents Californians from having choice when planning for their long term care needs.

AB 1553 would further exacerbate these problems and result in even more individuals having to turn to the Medi-Cal system because they simply can't afford to purchase long term care insurance.

Simply put, people are living longer and long term care needs have made long term care insurance much more expensive. CAHU and NAIFA-California strongly support the idea of bringing all stakeholders together to take a much broader look at the long term care insurance crisis and talk about changes that would provide for consumer protection but would also help make the products more affordable. Ensuring that long term care insurance products are not only financially viable but also stable and actuarially sound is a critical component of ensuring that those who need them the most have the peace of mind to know that their benefits will help see them through all of their golden years.

It is imperative that we all work together to protect against people simply going uninsured and turning to Medi-Cal when they have long term care expenses. The best path to follow is one that ensures Californians continue to have available to them a broad choice of affordable long term care insurance options. Unfortunately, AB 1553 is not a step in the right direction and could cost the state and long term insurance consumers millions of dollars in the long run.

For these reasons NAIFA-California and CAHU respectfully oppose AB 1553 (Yamada). If you have any questions regarding NAIFA-California's position on this bill, contact Shari McHugh at (916) 930-1993 or Juli Broyles at 916-441-5050.