

Testimony for SB 2253 – ND Senate IBL Committee

Chairman Klein and members of the Senate Industry, Business, and Labor Committee for the record my name is Steve Becher and I am the Executive Director of the Professional Insurance Agents of ND. PIA of ND represents about 300 main street insurance agencies with over 1000 agents across the state of North Dakota. I am providing testimony today and asking you for a Do Not Pass recommendation on Senate Bill **2253**.

Senate bill 2253 is a bill designed to put a moratorium on the sale of long term care (LTC) policies in the state for a period of three years while the state can do a study on the market. While there is no doubt that there are issues in the cost of long term care and the pricing carriers have been charging and need to charge going forward putting a moratorium in place without something to replace it is bad policy. LTC companies are struggling with the increasing cost of care that has outpaced inflation for many years as well as a low interest rate environment hurting their ability to accumulate the funds needed to pay these claims. Carriers in North Dakota are paying average costs of over \$50,000 annually for assisted living and over \$105,000 annually for a private nursing home room which were most likely not contemplated when the consumer bought the policy many years ago. There may need to be a different model on how we pay for long term care in the future, but putting a moratorium on the sale of the only solution for consumers in the meantime is not the answer.

Long term care insurance is a policy that is based on paying the premium over a number of years to accumulate the funds necessary to pay for later care. Taking

three years of accumulation time away from people that would have purchased a policy in the next three years would not help the issue. Also, the premiums for these policies are based on the age of the consumer when they purchase the policy. This 3 year moratorium would increase premiums even more than the current increases as all of these consumers would start with a rate for a person three years older than when they originally could have purchased a policy.

Secondly, there are consumers in the marketplace that are planning to purchase a LTC policy within the next three years and now would not be able to do so. What happens if one of these consumers then is in a car accident or has a medical condition that unexpectedly puts them into long term care? With this moratorium they would now have to pay for the costs themselves and if money runs out the state would end up paying their costs through Medicaid. Lastly, long term care insurance is one that can be purchased across state lines. This means that even though North Dakota may put a moratorium on selling LTC policies those that live near a border could go across state lines and purchase a policy from an agent in another state which takes business away from a North Dakota resident agent.

While solving the long term care crisis is something that is in everyone's best interests a moratorium on sales with no alternative will not do anything to solve it. For these reasons, I would encourage a **Do Not Pass** recommendation on **SB 2253** and would welcome any questions that you may have.