

has said, in the event you don't pass these by July 30th of 1992, you cannot continue with your federal certification and you will lose your power to regulate Medicare supplement insurance in your state. The amendments basically give our Director of Insurance ten standard forms to approve in the state. There's a proliferation of Medicare supplement insurance. It's very difficult for consumers to understand. The concept here is to create ten basic policies and then consumers will be able to compare between companies. The third basic area of regulation in this law contain amendments to our Long-Term Care Insurance Act with amendments suggested by the National Association of Insurance Commissioners. One of the first things that this suggests is that in long-term care, nursing home care, that there be a 30-day free look provision. A 30-day free look provision is when you purchase a policy you are given a chance to pay for the policy but, in the event you don't like the policy, after 30 days you can get out. It also requires an explanation of your rights under the bill and an explanation of benefits and limitations. This has been a very difficult area for people who thought they were buying protection for one kind of health care coverage or long-term care and they find that in the fine print that the big print hath given but the small print hath taken away. Well, this says you've got to have an explanation of the benefits of the insurance. Lastly, it gives the director power to regulate agent compensation, agent testing and marketing practices. The goal here is to see to it that the compensation package of a company does not highly compensate an agent in the first year of coverage. Why? If agents receive a great deal of their compensation in the first year of coverage, there is every reason in the world to get a policyholder to shift companies. If you get them to shift companies, they may leave one set of coverages which make sense for a set of coverages that don't make sense. And what you really don't want to do is to promote people, who are in an advanced age, of moving their coverage from one to another insurance company on an annual basis, enriching agents but risking that the coverage may not fit the needs of the consumer. The fourth of the five areas of regulation is the Reinsurance Intermediary Act. This is where a company who needs reinsurance goes to an intermediary who assists them in finding and doing business with a reinsurance company. It can go the other way as well. A reinsurance company can use an intermediary to do business with a direct insurance writer. One of the difficulties has been because money has passed from the company to the intermediary, to the