

20 October 2011

Health Policy Committee w/ addendum

My name is Neale Musolff. I hold a BS from Michigan State University. I entered the life and health insurance business on 7 January 1963 in Texas. After returning to Michigan in 1964 I was awarded the Chartered Life Underwriter (CLU) designation from the American College. I am a Licensed Insurance Counselor (LIC) from the State of Michigan. I am a strong believer in requiring meaningful continuing education for agents to better serve the public.

At this stage of my career (age 79), I am not taking my stance for self preservation. Rather I am concerned for my colleagues that follow and whether their ability to serve their clientele will be allowed by government action. It is vitally important that the role of agent (preferably full time) is maintained in the exchange(s) for the benefit of the insuring public. The dedicated agents I know, and the ones I will never know, should continue to have the right and privilege to serve the public and also be able to earn a respectable living. I am unaware, in our history, of any previous attempt to legislate a legal occupation out of existence. If this is done, when we legislatively force farmers, assembly line workers or auto mechanics out of their ability to earn a living? Without agents being the authorized navigators, it appears to me our main competition will be government, assuming we are still a viable alternative.

With the complexity of insurance today, plus the vast number of regulations on agents, it takes a well trained, dedicated agent to keep compliant. We spend far less time selling than the agent of 10 or 15 years ago. Today far more than 50% of our time is spent attending seminars, lectures and servicing our clients. Service is given at no charge to the client and is gladly given.

Surprising many agents stay in the business because of their love of people and satisfaction in helping them. However, they do need to earn a living. Currently, a quality small group plan of 3 thirty-five year old single men may pay an agent only \$8 to \$10 per month. This is hardly padding their bank balance.

The New York State Senate had excellent language, in a bi-partisan bill, for their proposed exchange law. Action has been delayed. I would recommend incorporating the same language in our exchange law(s).

The State of Utah also has an excellent model for the administration of their exchange. They operate with only 3 people and have been in operation for a meaningful period of time. They feel that there should be dual exchanges for individual and group.

Thank you for your time.

ADDENDUM

An observation from experience ---- groups under 10 are the most service intensive. The average BCBSM group is under 10. I have been told it is actually only 4 or 5 and those are the ones they pay the least commission rate on.

FYI, I checked communications I had with OFIR (LARA) last Spring about the number of life & health agents in Michigan. I was told there are 41,504 resident records.