



Washington State Cares Fund Update

The state of Washington recently passed the Washington Cares Fund with the intention of creating a limited benefit for long term care services. W2 employees will be directly impacted through a new payroll tax that takes effect on January 1, 2022. The state has allowed for an opt-out provision for employees who can attest to having an LTCi policy in force prior to November 1, 2021.

As a result, National Guardian Life Insurance Company (NGL) is beginning to see an influx of Washington LTC new business applications containing minimum benefit limits to avoid the payroll tax rather than developing appropriate LTC protection.

We believe it's very important to approach LTC planning in a responsible manner with the primary objective of protecting a family's estate and legacy. It is not to be used for payroll tax avoidance, which could negatively impact consumers, your business, NGL and the LTCi industry. With your help we can ensure that purposeful LTC planning remains top priority.

Washington applicants are encouraged to obtain coverage with meaningful benefits and keep their coverage active for when it's needed most. To accomplish this, NGL will be taking the following temporary actions to ensure the viability of our business and yours:

Effective immediately, NGL is instituting new policy minimum benefits, underwriting requirements and administrative changes in Washington State only. To provide coverage similar to the benefits available through the Washington Cares Fund:

- **The minimum Daily Benefit Amount available is \$100. Applications with \$50 - \$90 Daily Benefit Amounts will not be accepted.**
- **The applicant must choose an inflation option. Applications with no inflation will not be accepted.**
- **Facility only applications will not be accepted.**

The illustration and E-APP systems will be updated to not allow benefits below the minimums described above. An implementation date for this system update has yet to be decided, but the benefit minimums are effective immediately.

Underwriting: If an applicant in Washington has not been seen by a physician in the last 24 months, they will be declined; a para-med will no longer be used in these situations.

As a reminder, there will be a **full charge back** of commissions for policies where the premium is not paid into the second year of coverage.

Ways we can work together:

- Ask your prospects if they are truly planning for long term care or if they're simply trying to avoid the payroll tax. NGL is not interested in business written to avoid payroll tax.
- Thoroughly prequalify and field underwrite - Insureds should apply with the intention of having a policy issued. Agents will want to set clear expectations that applying is not a guarantee of coverage.
- Submit Washington business as soon as possible – While no cutoff date has been imposed, we will not be able to guarantee the processing of

an application prior to November 1, 2021 if we continue to receive an influx of business.

- Keep in mind Washington is a pre-appointment state for contracting purposes. Agents must be fully appointed prior to soliciting an application.

Please keep in mind these changes are only applicable to Washington applications and are only in place through November 1, 2021.

NGL appreciates your business. Should you have any questions, please contact your Regional Vice President of Sales or contact us at 888.505.2332 or LTC@NGLIC.com.

Thank you.



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