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NCOIL PASSES LIFE INSURANCE DISCLOSURE MODEL TO EMPOWER CONSUMERS

Austin, TX, November 21, 2010—NCOIL leaders today took a stand on strong life insurer disclosure to policyholders in passage of a *Life Insurance Consumer Disclosure Model Act*. The model would empower consumers through education about their options and would promote uniformity as states examine the issue in upcoming legislative sessions. The NCOIL Executive Committee unanimously approved the model law as part of the Annual Meeting here.

NCOIL President Rep. Robert Damron (KY), upon adoption of the model, said “It is imperative that policyholders understand that they have alternatives to merely lapsing or surrendering their policy. The model would require a clear notice to consumers, listing eight available options, including accelerated death benefits, conversion to long-term care, and the possibility of a life settlement.”

The model—sponsored by Rep. Ron Crimm (KY) and based upon a 2010 Kentucky law—requires insurers to notify people who are over age 60 or terminally/chronically ill in easily understandable language of alternatives to giving up their policy. As well as listing the options, the model would advise policy owners to contact their financial advisor, insurance agent, broker, or attorney to obtain advice or assistance. It also explains that these alternatives may or may not be available to particular consumers depending on a number of circumstances, including age and health status and policy terms.

The model follows a series of similar measures recently enacted in Maine, Oregon, and Washington, and as noted, Kentucky, among others. The NCOIL model requires insurance departments to develop the notice at not cost to insurers or other licensees.

The controversial model was the subject of extensive debate in 2010, including multiple Life Insurance & Financial Planning Committee hearings and conference calls and enjoyed input from a panoply of interested parties including legislators, regulators, and representatives of the American Council of Life Insurers (ACLI), Coventry, Institutional Life Markets Association (ILMA), Life Care Funding Group, Life Insurance Settlement Association (LISA), Life Settlement Institute (LSI), Mass Mutual, MetLife, and Prudential Financial.

The 2010 Annual Meeting took place from November 19 through 21 at the Hilton Austin Downtown.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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