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## **FOR IMMEDIATE RELEASE**

### **CONTACT:**

Susan Nolan  
Mike Humphreys  
NCOIL National Office  
518-687-0178

## **NCOIL REOPENS LIFE SETTLEMENTS DEBATE, RECONSIDERS MODEL LAW IN LIGHT OF IOLIs**

**Boston, Massachusetts, July 25, 2006** — The Life Insurance and Financial Planning Committee of the National Conference of Insurance Legislators (NCOIL) focused its attention on the burgeoning life settlements industry on July 21, when legislators here examined new investor-initiated life insurance schemes and scheduled a more in-depth discussion to determine if an NCOIL *Life Settlements Model Act* would address such contemporary concerns. The Committee convened during the July 20 through 23 Summer Meeting.

Since the model's adoption in 2000 and readoption in 2004, issues have emerged regarding life settlement transactions where an individual purchases a life insurance policy using borrowed money, with the intent to sell that policy to investors after the expiration of an initial two-year contestability period.

Testimony received in Boston indicated that there are currently no model laws that address such settlement issues. North Dakota Insurance Commissioner Jim Poolman, Chair of the National Association of Insurance Commissioners (NAIC) Life Insurance and Annuities (A) Committee, said that the NAIC has been considering amendments to its *Viatical Settlements Model Act*, in order to respond to investor-initiated transactions, and he pledged to engage legislators on the issues. A representative of the American Council of Life Insurers (ACLI) encouraged NCOIL to sunset its model law in favor of one geared to today's market.

Following Committee discussion, legislators voted unanimously to defer their bylaws-required review of the model for one meeting and to schedule a special life settlements

session at the November NCOIL Annual Meeting. Committee Chair Representative Larry Taylor (TX) recommended that lawmakers take action on the model after the special session.

At the July 21 Committee meeting, a representative of the life settlements industry said that new investor-initiated transactions represent only a small percentage of the life settlement market, and that the public has largely not taken advantage of such opportunities. He added that insurance companies, not individual consumers, benefit from the lapse of policies and that settlements are an opportunity for individuals to receive compensation.

Among other things, the NCOIL model law would prohibit a person, wherever located, to act as a provider or broker with an owner or purchaser who is a resident of the state without first having obtained a license from the commissioner; use any form of sales contract or purchase agreement unless it has been filed and approved by the commissioner; and enter into a sales contract if the policy was obtained by false, deceptive, or misleading means.

The NCOIL Annual Meeting will be held November 9 through 12 at the Marriott Napa Valley Hotel and Spa in Napa Valley, California.

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](http://www.ncoil.org).

For further details, please contact the NCOIL National Office at 518-687-0178 or at [mhumphreys@ncoil.org](mailto:mhumphreys@ncoil.org).

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