FOR IMMEDIATE RELEASE

CONTACT:
Susan Nolan
NCOIL National Office
518-687-0178

NCOIL PRESIDENT UNVEILS
BENEFICIARIES’ BILL OF RIGHTS

Lexington, KY, August 12, 2010 — Aiming to ensure strong consumer protections and clear disclosures about retained asset accounts (RAAs), National Conference of Insurance Legislators (NCOIL) President Rep. Robert R. Damron (KY) today released a draft *Beneficiaries’ Bill of Rights*. The model legislation came on the heels of Rep. Damron’s August 4 announcement that NCOIL needed to provide guidance for the 44 states that do not currently regulate the use of such accounts.

Rep. Damron stated:

> The model bill guarantees that life insurance consumers and beneficiaries will be fully protected during their greatest times of need. Our model would forbid insurers from using RAAs as a default method of paying death benefits and require that beneficiaries *opt in* to allow use of such accounts. The legislation would mandate that insurers using RAAs provide clear and comprehensive disclosure about beneficiaries’ policy options and would require the specific disclosure that beneficiaries can write one single check to access the entire death benefit.

Speaking to the model’s consumer protections, Rep. Damron said: “While such protections and standards may seem obvious, it has recently become apparent to us that lawmakers need to set some rules for the road. Our model will establish proper disclosure, transparency, and accountability in the use of RAAs.”

The *Beneficiaries’ Bill of Rights*, developed and sponsored by Rep. Damron, would require insurers to provide beneficiaries a full explanation of the retained-asset account’s features—including whether the monies are guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by a state guaranty fund. It would also require insurers to disclose to beneficiaries the method used to determine the interest rate being paid under the RAA.

The model would also require that insurers disclose on their annual financial statements the number of beneficiaries with retained asset accounts in place, the total funds held in such accounts, a description of how the funds are invested, a listing of any retained asset account service fees charged by the insurer and the funds necessary to cover liabilities under those accounts.

Rep. Damron went on to say:

> We are sending the model legislation to the National Association of Insurance Commissioners (NAIC) in advance of the group’s summer meeting and would hope that the NAIC will use this as a focal point for any measure that they will develop. We think it addresses the concerns that have been raised by various attorneys general and others that have been investigating the issue. Legislators will
be prepared to move on this model during our NCOIL Annual Meeting in November in order for legislatures to consider it in 2011 sessions.

In closing, Rep. Damron said:

I hope that NCOIL and the NAIC can move together on this important consumer issue as well as other cooperative state modernization measures for which NCOIL has been advocating. For more than a year now we have been urging the NAIC to work together with other state officials toward needed reform. For, as evidenced by recent federal initiatives, we all know that if the states don’t do it, the feds will.

The NCOIL Life Insurance & Financial Planning Committee will consider the draft on Friday, November 19, during the November 18 through 21 NCOIL Annual Meeting in Austin, Texas.

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.

For further details, please contact the NCOIL National Office at 518-687-0178, or by e-mail at snolan@ncoil.org.