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CONTACT:

Susan Nolan
NCOIL National Office
518-687-0178

Mike Humphreys
NCOIL Washington, DC Office
202-220-3014

NCOIL CLOSERS IN ON ILLEGAL STOLI, UNANIMOUSLY ADOPTS AMENDED MODEL ACT

Troy, New York, November 20, 2007—Following more than 35 hours of debate over the past 16 months, the National Conference of Insurance Legislators (NCOIL) unanimously adopted an amended NCOIL *Life Settlements Model Act* on November 17, during the NCOIL Annual Meeting here. The model law is a targeted attempt to prohibit controversial stranger-originated life insurance (STOLI) transactions while encouraging legitimate life settlements.

According to Life Insurance & Financial Planning Committee Chair Representative Michael Ripley (IN), “The end product of our work represents a thoroughly vetted proposal that takes aim only at what’s wrong with the life insurance market—STOLI. The tireless work of our Life Settlements Subcommittee resulted in a model law that will offer important guidance to states looking to stop this inappropriate activity.”

Representative George Keiser (ND), Subcommittee chair, said, “STOLI occurs at the front-end of a life insurance sale. By defining STOLI, and strengthening reporting requirements and penalties for participating in STOLI, the NCOIL model gets at the heart of what needs to change. We hope that states considering amendments to existing laws, or new life settlements statutes, will be well-served by the NCOIL proposal.”

The Subcommittee first met in special session on Wednesday, November 14, to continue its discussion from an October 25 interim meeting in Chicago, Illinois, and to consider proposed amendments submitted in accordance with a November 2 comment deadline. Members furthered their discussion during an impromptu lunch meeting on November 15 and unanimously reported the amended draft to the full Committee, which met later that day.

Among the adopted amendments was a first-of-its-kind definition of STOLI, requirements that a provider report information regarding settled policies to an insurance commissioner as part of an annual statement, and requirements regarding the disclosure of broker compensation information

to policyowners. The Subcommittee had previously made the decision to impose requirements for settling policies that would parallel a two-year incontestability period.

Participating in the Annual Meeting were representatives of the American Council of Life Insurers (ACLI), Association of Advanced Life Underwriting (AALU), Institutional Life Markets Association (ILMA), Life Insurance Finance Association (LIFA), Life Insurance Settlement Association (LISA), Life Settlement Institute, and North American Securities Administrators Association (NASAA), among others.

The Annual Meeting took place from November 14 through 18 at the Rio All-Suite Hotel & Casino in Las Vegas, Nevada.

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 202-220-3014, or by email at mhumphreys@ncoil.org.

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