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**GREAT DEBATE HELD AT NCOIL SPECIAL SESSION,  
RESOLUTION PASSED**

**Savannah, Georgia, March 8, 2007** — Members of the National Conference of Insurance Legislators (NCOIL) Life Insurance & Financial Planning Committee received testimony and debated controversial issues regarding life settlements at a special meeting held here during the NCOIL Spring Meeting. Deep into the afternoon, legislators discussed emerging stranger-originated life insurance (STOLI) schemes, before coming together to pass a resolution addressing STOLI and the National Association of Insurance Commissioners (NAIC).

Legislators engaged Director Julie McPeak (KY) and Commissioner James Donelon (LA) in a conversation that laid the groundwork for debate to follow. The regulators acknowledged difficult issues that the NAIC had faced in 2006 while it considered amending its *Viatical Settlements Model Act*, but noted that the amended model passed the Life Insurance & Annuities (A) Committee unanimously.

A panel including representatives of the life insurance, life settlement, and premium finance industries was queried by legislators on issues related to STOLI that are not currently addressed by an NCOIL *Life Settlements Model Act*. Two central themes of contention emerged regarding how to characterize a “life settlement contract,” and individual property rights.

Debate surfaced about whether the “life settlement contract” definition was too restrictive in limiting a person’s ability to finance a policy. Regarding property rights, panelists disagreed over the use of a five-year ban on settling a policy, and its effect on consumers.

Following debate, legislators passed a resolution, proposed by Representative Robert Damron (KY) that, while encouraging states to address STOLI, requests the NAIC to delay final consideration of its *Viatical Settlements Model Act* to allow legislators to further explore the issue. It says, “the first step in combating STOLI schemes lies with the enforcement of existing state insurable interest, life settlement, and/or other consumer protection laws and that state Departments of Insurance should, in a timely fashion, take such appropriate action.”

An amendment offered by Representative Brian Kennedy (RI) during the NCOIL Executive Committee meeting on March 3 call for reaffirming NCOIL's goal "of revisiting our existing *Life Settlements Model Act* and making any necessary changes." The proposed amendment also would have deleted any reference to the NAIC process, to allow for both the NAIC and NCOIL to work on their respective models. It did not receive the two-thirds support necessary to waive the NCOIL 30-day deadline rule.

Committee members also voted to reauthorize and expand on the Subcommittee on Life Settlements, which was appointed following the 2006 Annual Meeting, and to hold a special meeting of the Subcommittee before the NCOIL Summer Meeting. At the special meeting, legislators will engage interested parties on possible amendments to the NCOIL model act, and work towards consensus on outstanding issues. Information regarding the date, time, and location of the special meeting will be announced shortly.

The Committee met on March 2, during the March 1 through 4 NCOIL Spring Meeting. The Summer Meeting will be held July 19 through 22 in Seattle, Washington.

NCOIL is an organization of state legislators whose primary focus is insurance legislation and regulation. Many 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).

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