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

NEW NCOIL SUBCOMMITTEE TO TACKLE STRANGER-INITIATED ANNUITIES

Boston, MA, July 11, 2010—Hoping to block abusive stranger-initiated annuity transactions (STAT), members of the NCOIL Life Insurance & Financial Planning Committee on Friday formed a subcommittee to discuss possible model legislation. The Committee took action here in order to gain further understanding of STATs, review existing laws and rules, and then report on next steps for consumer protections.

Committee Chair Sen. Ralph Hudgens (GA), said “It is clear to legislators that STATs do not serve the public interest. While recent legal cases in Rhode Island were our first look at these schemes, we must do everything in our power to ensure that our constituents are not vulnerable to future abuse. My aim in forming this new body is to review and report on the issue and determine what steps should be taken.”

In STAT, investors purchase annuity death benefits on dying patients as a way to seek stock market profits without a risk of losing an initial investment. NCOIL legislators first looked at the issue in February when Rhode Island lawsuits highlighted the controversial practice.

The Subcommittee on Stranger-Initiated Annuity Transactions will be co-chaired by Rep. Brian Kennedy (RI) and Sen. Mike Hall (WV) and open to any member of the full Committee. With an aim of producing a report for the full Committee at the November 18 through 21 Annual Meeting in Austin, Texas, the Subcommittee will convene interim meeting conference calls.

These calls will be open to the public and all interested parties.

Interested parties who provided comments at the July 9 Committee meeting include Superintendent Joseph Torti and Elizabeth Dwyer of the Rhode Island Insurance Division and representatives of the American Academy of Actuaries (AAA), American Council of Life Insurers (ACLI), and Life Insurance Settlement Association of America (LISA)

The Committee meeting took place as part of the July 7 through 11 NCOIL Summer Meeting at the Boston Park Plaza Hotel & Towers.

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 email at jestey@ncoil.org.

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