NATIONAL COUNCIL OF INSURANCE LEGISLATORS
LIFE INSURANCE & FINANCIAL PLANNING COMMITTEE
2024 NCOIL SPRING MEETING – NASHVILLE, TENNESSEE
APRIL 12, 2024
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Life Insurance & Financial Planning Committee met at The Sheraton Grand Nashville Downtown Hotel in Nashville, Tennessee on Friday, April 12, 2024 at 4:45 p.m.

Representative Carl Anderson of South Carolina, Chair of the Committee, presided.

Other members of the Committee present were:

Sen. Justin Boyd (AR)
Rep. Brenda Carter (MI)
Sen. Michael Webber (MI)
Rep. Bob Titus (MO)
Sen. Vickie Sawyer (NC)
Sen. Jerry Klein (ND)
Rep. Tim Barhorst (OH)
Sen. Bob Hackett (OH)
Rep. Brian Lampton (OH)
Sen. George Lang (OH)
Rep. Ellyn Hefner (OK)
Rep. Lacey Hull (TX)
Rep. Tom Oliverson, M.D. (TX)
Rep. Dennis Paul (TX)
Del. Steve Westfall (WV)

Other legislators present were:

Sen. Aaron Freeman (IN)
Sen. Mike Gaskill (IN)
Rep. Peggy Mayfield (IN)
Sen. Beverly Gossage (KS)
Del. Nicholas Kipke (MD)
Sen. Mark Huizenga (MI)
Rep. Mike McFall (MI)
Rep. Julie Rogers (MI)
Sen. Paul Utke (MN)
Sen. Bill Gannon (NH)
Rep. Forrest Bennett (OK)
Del. David Green (WV)
Del. Walter Hall (WV)
Del. John Paul Hott (WV)

Also in attendance were:

Commissioner Tom Considine, NCOIL CEO
Will Melofchik, NCOIL General Counsel
Pat Gilbert, Director, Administration & Member Services, NCOIL Support Services, LLC

QUORUM

Upon a Motion made by Sen. Vickie Sawyer (NC), and seconded by Del. Steve Westfall (WV), the Committee voted without objection by way of a voice vote to waive the quorum requirement.

MINUTES

Upon a Motion made by Sen. Justin Boyd (AR) and seconded by Rep. Ellyn Hefner (OK), the Committee voted without objection by way of a voice vote to adopt the minutes of the Committee's November 16, 2023 meeting.

PRESENTATION ON DEVELOPMENTS IN LIFE INSURER'S USE OF WELLNESS PROGRAMS

Matt Gibson, Head of Behavioral Insurance Enhancement at John Hancock/Manulife, thanked the Committee for the opportunity to speak and stated that it may seem kind of funny with the slide visual of helping customers live longer, healthier, better lives. And it's like well I thought John Hancock was a life insurance company. I think that's really the key component is who else besides perhaps your immediate circle of friends and your family would want you to live a really long time? Obviously, there is commercial success if we can help customers live a longer, healthier life. But of course, most people want to live longer, healthier lives themselves. So, it's that kind of unique opportunity to have that shared value component and really trying to use that as a catalyst for change in longer-term healthy behavior. For those of you who are unfamiliar with what we've done at John Hancock, I will briefly go over what we've done with the John Hancock Vitality Solution, which is our Wellness platform that we've integrated into our products. We originally launched it in 2015 and we just crossed our 9 year anniversary of launching just this past Monday. But the real change for us was in 2018, where we made the decision to provide Vitality automatically on every policy that we write out the door. And that's what we did when we introduced Vitality Go. So, Vitality Go is included on all policies at no additional cost to consumers. It gives them access to the Vitality platform, the educational materials, and some base level benefits really to kind of act as incentives for positive health behavior including discounts on fresh fruits and vegetables at over 1,400 grocers nationwide. We have a fantastic relationship with the Tufts Friedman School of Nutrition in the Boston area and provide a lot of that material and information to consumers. And again, that's Vitality Go with no cost. But where it really comes to life at the consumer value level is with Vitality Plus that does have a charge, just a minor $2 a month charge onto the policy, but that's really where we're seeing the strongest engagement within the wellness program itself. It actually gives consumers access to discounting the premium as well as kind of a more substantial suite of incentives to drive that healthy behavior.

Most recently, with the addition of the GRAIL and Galleri Multi-Cancer Early Detection Test which I'll get into a little bit more detail later for those of you who are unfamiliar. But again, the access to the program itself is completely up to the consumer as to which version they may choose to get and their participation is completely voluntary as far as what areas of the program they use. Which begs the question of, well, how does it functionally work? Customers earn vitality points, it's what we call them, for simple health-related activities that they might be doing to stay or become healthy like getting their annual screening, walking the dog, going to the gym, getting their teeth cleaned. Those points translate to a vitality status. And then the higher the status the greater the premium savings that would unlock with Vitality Plus. So, think of it not functionally dissimilar to perhaps a safe driving program that you might see in a car telematic. This is just taking a little bit of a step further with that there. And we do believe that it is functionally working and I am excited to share some of the stats here. I'm not going to go over each of them individually, but I want to just really kind of highlight the core message which is we, as a life insurer particularly, enjoy the privilege of having very long relationships with our consumers. So, driving this type of health change is really a long-term solution here. I'm not suggesting we've changed mortality in the short period of time of 9 years, but these are often obviously the leading indicators that we may be seeing it come to bear. I want to specifically call out the cholesterol, blood pressure, and blood glucose statistics that you see on the screen here. Because those are highlighting the specific individuals who had measures that were outside of a healthy range, but then were able to bring them into a healthy range. That may be through personal medical intervention or actual behavioral change. Of course, we don't have the individual person's information associated with this. This also is important to understand that we do have a really high as I like to call it retention rate or stickiness rate as far as participation is concerned. The analogy I tend to use is don't tell me who's still doing their New Year's resolution in the gym in February. I want to know who’s still there in November. And we're really pleased to see that about 70% percent of our consumers that are using the program either maintain or increase their engagements year over year.

And health and wellness does go beyond just simply being physically active, eating well, mental well-being, and getting your preventative care. But we did put a pretty intentional focus on early cancer detection. I'm sure everyone here has either a direct or an indirect unfortunate relationship with cancer. One in three people in the United States will develop cancer in their lifetime. And what's most challenging is that 70% percent of cancer related deaths are from cancers we don't look for and don't find until after they’re symptomatic. We only really screen regularly for 5. That's colorectal, cervical, breast, prostate, and if you're a smoker, CT scanning. So, there's only 5. So, that's part of the reason why we brought the GRAILS and Galleri tests to the platform and are providing access to John Hanock Vitality to customers to access that. It is a simple blood draw. They get two vials of blood taken and they can actually screen for about 50 different cancers. It's not a risk of cancer, it actually has to be we believe you have this cancer currently to get it early. So, their kind of mantra is detecting cancer early when it's treatable. And how consumers actually go through that, we have it through the digital experience both on the web and on the app where they learn a little bit more about the test and they can ultimately request the test, test kit is sent to them directly, and they can then facilitate their blood draw through a phlebotomy partner like a Quest Diagnostics. And the results are then provided to the prescribing physician, John Hancock does not receive any of the information. In fact, we don't even know which consumers have opted to take the test or not, we're just really providing access to it.

And the big question is, well, what do the results look like? Well, it's very clear if cancer is not detected, it's pretty much in big bold letters and if they do believe that there is a cancer signal detected, there are two kinds of predicted locations to help guide customers and their primary care physician for follow up diagnostic and ultimately treatment within that. When we were bringing GRAIL and Galleri on, one of the things that we have is obviously a certain duty of care to our consumers. We didn't want just to say, hey, we think you have cancer, good luck with your cancer. We wanted to make sure that there was actually a lot of support on the back end for consumers to do that. So, both either needing possibly a primary care referral, getting access or guidance as to how to navigate their existing healthcare coverage, and what might be needed there. But I'm not going to go through all the specifics here, I want to just point out that it really is about providing care to consumers. I will end this with a quick personal anecdote. So, last Thanksgiving, my father-in-law was diagnosed with Stage 4 Melanoma. He was not symptomatic. He had no skin lesions. It manifested in his small intestine and spread to his adrenal gland and liver and other lymph nodes in the surrounding areas. Access to early detection is obviously very critical because he was asymptomatic. There's no reason for him to do that until things started to poke into his skin. We're hoping his outcome will be positive. We're still kind of undergoing a lot of immunotherapies for the last 18 months. But we are looking forward to hopefully a positive outcome. I share that because wellness programs and early cancer detection can feel very cerebral. It's about this future health improvement that may or may not manifest itself. But it's those micro moments that we're really trying to bring forward to facilitate that type of change.

Brenda Cude, Ph.D., Professor Emeritus, Financial Planning, Housing and Consumer Economics – University of Georgia, stated I think we can all agree, and I've certainly heard conversation today, that improving our health matters to all of us. I don't know anything more about Mr. Gibson's program than you heard today. But what I did was take some time to think about some of the questions that I think we should be asking about programs like his. And I will in full disclosure, say I participate in a health insurance wellness benefit that's similar to this. So, my questions all relate to the cost versus the benefits, accessibility of the activities as well as the benefits of the programs, protection of personal information, is there relevant regulation, and finally, how this impacts the portion of our society with life insurance. So, first of all, I did some research. I'm a researcher, so I looked online to see what I can learn about anything we know from previous wellness type programs and there's an excellent report from Rand that looked at workplace wellness programs. And it makes Mr. Gibson's program sound like a superstar because in general this analysis indicates that at best there's only modest benefits from workplace wellness programs. For example, they cite no significant reduction in the cost or use of ER's or hospitals, no significant reduction in cholesterol, the average weight loss is 1 pound a year over 3 years. So, nothing stellar in terms of the results of these programs based on their analysis and I think they're asking the right kinds of questions in this. And one of the points that they make I think is that motivation matters more than the program. So, I think about my friend who has access to the same health insurance wellness benefit that I do. For me, it's a matter of which gym do I go to? She's not going to the gym, it doesn't matter that that's one of the benefits available to her. So, I'd like to see for programs like this, some very careful short term as well as long term analysis of the costs and the benefits. I'd also like to hear more about the accessibility of the types of activities in the programs as well as the benefits to everyone. So, I grew up about 50 miles from here in a farming community where the only McDonald's was the local funeral home. They do actually have a restaurant there now. But are these activities and are these benefits as accessible to the folks in my community as they are to someone who lives in Boston?

And you could ask the very same questions about certain urban areas where they don't have any additional access beyond what individuals in my farming community might have. Also, I think about how those with physical limitations can participate. For example, in activity-based programs. And I think another question is what about mental health? We've heard a lot about mental health today. And I know there are some mental health benefits, but what are those and how are they accessible? And are they the benefits that people actually need? Thinking about protection of personal information should be something that comes to mind right away, of course. Probably everybody here is affected by the AT&T data breach and I know I've gotten multiple emails already about that. And we're all just getting numb, right? Every week there's something that's happening. But if there's a data breach about my personal health information, changing my username and my password's not going to fix that. I can't change my personal health information. So, I would have questions about how this information that's being accessed is being collected, stored, used. And you know the euphemism shared, which means sold. So, what's happening to personal information that's being collected here? And you talked about not getting in between the cancer detection and the patient, but you have other information that's being accessed as part of this program. And this is not specific to Mr. Gibson and I don't expect you to answer the question. I'm just saying these are important questions that we should be asking about any program because what I don't have up here is that, to the best of my knowledge, these programs aren't regulated. There are regulations that apply to workplace wellness programs but I couldn't find any indication of how an insurance based program is regulated so who holds the insurer responsible if data isn't protected in the way that it should?

Another question I would have is about how these types of programs might change underwriting? Is the underwriting somehow designed to screen out the less motivated individuals? Are there cross subsidies in the pricing of products that mean that those of us who choose not to participate in this type of program are actually paying for the program that offers these types of wellness benefits? And then the final point that I want to make is that I also care about increasing the portion of our population who have access to life insurance and who have life insurance. A theme this year at the National Association of Insurance Commissioners (NAIC) is minding the gap and one of those gaps is folks who don't have life insurance. The Committee that was mentioned earlier today heard a presentation last month about individuals who have served their prison sentences but can't buy life insurance. The Federal Financial Literacy and Education Commission that met just this past week also talked about that topic. This is Financial Literacy Month, but it's also national Second Chance Month. So, giving people who've served that prison sentence and cannot buy life insurance from most insurance companies is a topic that people are talking about. I can't answer any questions about that, I just know that it's an example of ways that we all could be working together to increase the proportion of our population who have life insurance.

Sen. Beverly Gossage (KS) stated that in my 20 years of being a health insurance and life insurance agent so many times even in employer sponsored wellness programs, it's the people who are already trying to be fit and already go to the gym that participate. It’s not really the ones you want to do this. It seldom happens. I noticed in your slide that you said 40% of those that participate, 50% of those, 70% of those. Great, but of the total people that have a life insurance plan with John Hancock how many of those people participate in the program? Mr. Gibson stated we’re going to isolate just the period of time in which we offered it just for point of order because we don't have the total number of customers that we have in force on that. So, there's two components here that I want to address. First, we're at roughly about 66% opt in for the full version of the program with consumers and as far as getting started and engagement in the program it covers a little over 60%. Sen. Gossage stated that's far better than the typical. Mr. Gibson stated it is and just to add one point of clarity. I think one of the things, and I may have missed it in my commentary, is employer based programs versus life insurance based programs since there's obviously the component of time that is a big part of that. I think that I saw a statistic somewhat recently saying that the average employee is at an employer for 3 to 5 years before leaving. You're not going to see real health improvements over that short window of time. And in reality, in the 9 years that we've had Vitality up and running at John Hancock we're really just starting to see that come to bear. We are hoping at our 10 year mark to do a pretty comprehensive mortality study release. Sen. Gossage stated I might just mention my colleague here brought up the point that there is a difference of course with people who have employer sponsored health insurance purchased on their behalf than someone who chooses to purchase life insurance, perhaps a different population.

Rep. Brenda Carter (MI) stated first of all, I want to thank you for the program that you're presenting and your presentation. But what I'm looking at is what initiatives do you currently have for outreach to our populations who are underinsured or uninsured? They need to have a long life as well. Mr. Gibson stated that's one of the key things that we really focus on. We recognize particularly the markets that a lot of the life insurers tend to serve are a little bit more on the higher end of the income window. Tax reasons aside, there's still important protection that is needed for Main Street consumers in that space. So, when it came to bringing Vitality, we don't have a face amount requirement as far as gaining access to the program. In fact, we have a more mass-market product that provides a slightly different delivery mechanism of the premium savings. It's actually a cash back component versus a policy credit component. But that is specifically designed for the really more mass market Main Street consumers that aren't getting coverage as you mentioned. But also, they still have access to the same portfolio of incentives and benefits including the food benefit and other piece there. But I do encourage any other insurer that would be looking to do any sort of wellness program rollout to really keep in mind the point that Rep. Carter made about access and not just necessarily discriminating off of face amount or income base bans.

Rep. Carter stated that as an aspiring life insurance producer, I'd like to know if we wanted to download your app is it available now and if so, where? Mr. Gibson stated the Vitality Experience app is available for download, but you wouldn't be able to actually log in without a policy. That actually is in place for a lot of actual privacy component reasons, as Dr. Cude mentioned, because we obviously have an agreement with Vitality to bring that forward and as far as data not being shared with them, we only share information to Vitality as far as Matt Gibson bought a policy, he now has access to the program, make sure his profile is set up so when he attempts to register it is. Conversely, we don't receive information back from Vitality as far as any sort of health information that they're being provided as well. But we do have a lot of information on the public Johnhancock.com website.

Rep. Anderson stated that I'll just note that NCOIL does have a Rebate Reform Model Act which was adopted almost 5 years ago to modernize state anti-rebate statues and regulations so that they recognize new products being offered by the insurance industry and maintain necessary consumer protections. It may be worth taking a look at the Model to see if it needs to be amended at all to recognize the type of programs we've heard about today. If anyone has any questions or comments on that, please reach out to the NCOIL staff.

PRESENTATION ON EFFORTS TO PROMOTE LIFETIME INCOME

Bret Hester, EVP, General Counsel, Strategy, Policy & Operations; Government Relations & Public Policy at Teachers Insurance and Annuity Association of America (TIAA), thanked Chair Anderson and the Committee for the opportunity to talk about retirement savings and lifetime income today. I'm going to give you just a little bit of a brief background on TIAA. It was founded as a nonprofit in 1918 by Andrew Carnegie to solve the problem of teachers retiring in poverty. We're very much committed to the same mission today of helping those in the education, healthcare, nonprofit, and government sectors retire with financial security and dignity. Over the last 100 years we've paid over half a trillion dollars in retirement income payments to our participants. It's a good segue actually from the last panel in terms of talking about how long people are living and making sure that as many people as possible have access to their retirement system. 2024 is actually the 50th anniversary of the Employee Retirement Income Security Act (ERISA), which celebrates its birthday on September 2nd. So, it's a good opportunity to reflect on ERISA's successes and what remains to be done. In one sense, ERISA has been a terrific success. It was passed in 1974 and it took a long time to get there following the 1963 failure of the Studebaker and Packard Automobile Companies which resulted in the loss of thousands of jobs for employees and also the loss of their pension benefits. It has done a great job of making sure that employees who are covered by retirement plans are managed and protected in accordance with fiduciary standards and safeguarded. On the other hand, as the slide shows, there's still a lot of work to be done. It's astonishing, but there are 55 million American workers who don't have access to a retirement plan through work. And in the 50 years since ERISA passed there's been another phenomenon that has occurred, which is the decline and near disappearance in the private sector of defined benefit pension plans.

In 1975, shortly after ERISA was passed, more than 70% of private sector workers had access to a defined benefit plan and the promise of lifetime income and a paycheck for life that it promised. Today that number is down to 12% percent in the private sector. So, it's been a significant change. So, there's clearly a significant amount of work to be done. We're also in the middle right now of what I've heard called the Silver Tsunami. 11,000 to 12,000 people a day are turning 65, which is more than 4 million people a year. And the result of that when you look at the coverage gap and the income gap is that there is a projected 4 trillion-dollar savings gap in the retirement system and it's projected that as many as 40% of American families will retire without enough savings to last them throughout their retirement. But the good news is that while we've been calling it a retirement crisis, we could reframe it as a relatively easily solvable retirement challenge, because there are steps that we can take to address this problem. They're really four basic principles. First, the important thing is to make sure that as many employees as possible have access to a retirement plan at work. A key here is auto enrollment. There's also a really promising development for people who don't have access to an employer plan which is roughly 19 states have enacted or are in the process of implementing so-called state facilitated retirement plans or auto IRA programs and there are a couple of more states that are in train of doing that this year. Washington, for example, just updated a more robust version of theirs and enacted new legislation I believe in the last week or the preceding week. So those are very promising. The statistics show that people who have access to a workplace retirement plan are 15 times more likely to save for retirement than people who don't have access to a plan from work. There's also another step that we can take which is to make sure that people are saving enough money. And that needs to be in the 12% to 15% range and obviously even higher can be better. One step that has proven very promising is automatically enrolling and automatically escalating employees' contributions so that it starts at something like 3% and steps up gradually 1% or 2% a year until they're getting to that desired level of savings. So that's another promising step that we can take.

Third, it's really crucial for retirement plan menus to include in plan lifetime income solutions. Making these options, and it's important to emphasize that they can be options, available through plans lowers the cost of these valuable solutions and helps workers gain access to them and information about them. And that's a good segue to the fourth principle that we can follow, which is providing adequate education and advice to workers about the options available to them, about the consequences of their decisions in terms of enrolling and how much they save. At the state level, in terms of state and public plans there also are things that members of this Committee and other policymakers can do. First, you can ask the simple question, do our laws provide language and direction to ensure appropriate contribution levels and lifetime income options? Do hybrid plans and supplemental and core defined contribution plans have enough lifetime income options embedded in them to help people not only ensure that they have enough savings but can also convert that into a guaranteed stream of income that they won't outlive? And this may be particularly important in states that don't participate in Social Security for public workers. So, the culmination of all of this is that last year, and it followed the adoption by Congress of SECURE 2.0 following SECURE 1.0 which was passed in 2019, major comprehensive retirement bills that still leave work to do, is we introduced what we're calling pretty simply a Retirement Bill of Rights. I don't think there's really anything in here that's particularly complicated or controversial. The first premise is that if you work a full career you should have the right to a financially secure retirement. And I want to emphasize it's not an entitlement it's just making the tools available to workers to allow them to do that. The second principle is that every worker should have access to low-cost investment options that help them generate sufficient savings and ample income for a dignified retirement. The third principle is that every worker deserves clear information to allow them to compare savings and income options and make informed choices to achieve a secure retirement. And finally, it's not really a right, but it's a principle is that it's a shared responsibility of workers themselves to enroll in their plans to save enough of the private sector to make plans available to their workers that help them do this and to policymakers to put the right policies in place to allow this to happen.

Sen. Bill Gannon (NH) thanked Mr. Hester for his presentation and stated my only problem is in reality I represent 90,000 people who are barely able to afford pizza on $4.99 pizza night. So, in reality the vast majority of my constituents do not have the ability to save 12% or 15%. In fact, I would have to say that they're spending negative because I know nationwide our credit card use is soaring and the amount of debt that each one of us is accruing is just multiplying every year. So, although I would love that to be a possibility of the 12% to 15%, I don't see it as realistic for anyone who doesn’t have a real savings plan through an employer which you guys said you're like 15% more or 15 times more likely to save if there is a plan. These people who are late in the game, nearing 65 and they’re just barely getting by, they're not going to be able to put any of that 12% to 15% away. Mr. Hester stated that's absolutely right. And I do think it’s even valuable for that initial amount. And we have found that when there is automatic enrollment that people do actually tend to and it’s a hardship but in addition to paying your current self, you have to pay your future self. And it's understandably very hard for certain people to get to 12% to 15%. But it's also vitally important to start and to build that up to provide a cushion. So, any amount helps, but yes, you're absolutely right.

Dr. Cude stated we share a lot of the same ideas and I'm not going to repeat, but I want to add a beginning and an ending thought really to what he said. So, I think a Retirement Bill of Rights starts with making sure we have that solid base of Social Security and Medicare. Regardless of what you think of those two programs, that is the basis that most people are planning their retirement on. And we know that Social Security was only ever intended to provide one third of income, so, we certainly have to do more than that, but we have to start by keeping that strong. Then we need to make sure people have savings. And the kinds of things that Mr. Hester talked about are plans to make sure that happens. It is absolutely critical if people are going to accumulate wealth in their lifetime, that they have access to workplace plans that include automatic enrollment and payroll deduction. That's how people actually build wealth in the U.S. Especially given all the questions about the housing market today. So, we know that from research that's the way those things are happening. And I'm glad that Mr. Hester mentioned states that are making that happen through various forms of automatic IRA plans that incorporate this very important concept of automatic enrollment, which you can opt out, and then automatic payroll deduction. And with the auto escalation again those are key features in helping people accumulate wealth. I'm concerned, though, about two populations. So, one is the low-income population, as you mentioned. We've had something called the savers income tax credit that was supposed to help lower income individuals save. And it basically hasn't worked. It wasn't well known, it wasn't well used. I understand that based on SECURE 2.0 there will be something that's a savers match that's intended for lower income individuals. So, we'll see if that's effective.

And I also think this notion of, and I taught financial education for my entire career, reaching people where they are is so important to start. So, with a college student, I would never say save 15%, or 10%, or 12%. I would say your goal should be to try to save $1,000. If you get $1,000, set a new goal. Then that might be saving 10% of your income. But you have to reach people where they are. Although I always say to my college students, enroll in your retirement savings plan at work the day you're eligible, at the minimum if that's what you have to do. But begin as soon as you can. The other group that I'm really concerned about is those who are in what's called the contingent or the gig economy. I've seen statistics that no more than 3 in 10 of those folks have a traditional full time job. So, they don't have access to this automatic enrollment, except that both Uber and Lyft are working to make that possible for them. I've read that both are offering or working to offer payroll deduction IRA. So it's an automatic withdrawal from their pay to participate in an IRA. There are apps that will automatically sweep an account and put the excess, you define the excess, into an IRA. So, those are the kinds of things that we have to think about for people who are not going to have a 9 to 5 job with regular pay payment. So, and I agree that if we are successful in accumulating significant savings then a lot of people won't know how to manage that to make that last for their lifetime. And that is where an annuity comes into play. However, I have two caveats. One is that they know they're choosing an annuity. When I began as a college professor, I put money in TIAA. I don't know if I knew it was in annuity. It would have been better had I known that. And today onboarding is a website. It's not a person, it's not a session in a room in which someone explains what your options are to you. And my second caveat is I want to make sure that those annuities that are offered are basic annuities that are relatively easy to understand and that are low cost, which means they're not the ones being marketed to investors or as the way to avoid taxes.

And then finally, I couldn't leave here if I didn't talk about improving financial literacy, because that is the thing I've spent my life doing. And financial literacy also includes attitudes. So, personal responsibility. It also includes perceptions, if nobody else is saving why should I? If everybody else is saving, I should too. So, we have had programs to try to change the way people think about saving to see that it's something that everybody does. Earlier today, we heard that states are doing a better job at encouraging or even mandating financial education in the school system. And if anybody here is from Illinois and was to claim they were the first to do it, I can help you with that, because Illinois required consumer education in the 1970s. And that was what we now call financial education. But teachers are not prepared to teach it. So, if you're in a state where you have the opportunity to influence funding, please do that. They're no more prepared to talk about credit cards and how they work then somebody else might be. So, teaching that is pretty intimidating. And I also want to encourage you, if you don't know, to go home and find out if your state has a council on financial literacy where everyone associated with state government is coordinating what they do or look for something called a council on economic education which is probably located at a university in your state. And if you want to support and encourage financial literacy that's a way that you can do that.

Rep. Anderson thanked Mr. Hester and Dr. Cude and stated that this is great information. Savings has always been a part of my teaching from coming up so certainly I want to thank you for those words of encouragement for us.

Rep. Hefner thanked the presenters and said something that just caught me while I was listening to your presentation is when you said your goal is $1,000. In my state in Oklahoma, we have an Achieving a Better Life Experience (ABLE) account that we encourage families who have kids with disabilities to put money in. And I'm going around the state as a financial advisor helping families who have a child to plan for that third retirement. And I have a friend in the disability world that she's a parent and she's from eastern Oklahoma and she said Ellyn, our family has never learned how to save and you're talking about things that I don't trust. And so we have to take another step back, $1,000 is too much. She taught me a different way to talk to people who have never put in a dime or saved and have a savings account. That she would say it's a gallon of milk and its loaf of bread. And so, I think we have to take another step back when we talk, even the words financial literacy, that's not even explaining to people what that is. And so really it's not dumbing down, it's that a lot of people in our world have never learned to save. I appreciate your presentation, but again, I think that we have to talk with people and teach them a little bit more about the savings piece. My mother-in-law, who lived through the depression, she told me, “You need to save $5 a week and then one day you'll be a millionaire.” And I was like, “be quiet”, when I was 20. And of course that's true but at the time, I didn't know anything about annuities and that word too is something that people have to learn to trust. Again, I appreciate your presentation, this is just an added-on insight into a world of families who have high medical costs, high medication costs, and they're counting on Social Security and Medicaid to take care of their kids who have benefits that leave them in poverty. And people that have disabilities that I talked to who want to save money and we talk about maybe we don't have a pizza this week and we can put that money in your ABLE account. So again, all those experiences we have to listen to their stories and find them where they are so we can support them.

Dr. Cude said just let me say quickly, I said you have to meet people where they are. So, for my college students, $1,000 is attainable. But I grew up in a farming family. I remember the day my dad came home and said the bank's offering something called a CD and that sounds really risky to me. I've spent a career teaching so I would never walk into a room and assume $1,000 is attainable for any audience unless I know who that audience is. Rep. Hefner replied yes, it was just more information for everyone because that $1,000 just hit me and I thought we've got to give a little bit more experience because I'm sure there's some students in your class that wouldn't have told you they didn't know how to save and that $1,000 was too much.

CONSIDERATION OF RE-ADOPTION OF MODEL LAWS

Rep. Anderson then turned things over to the Vice Chair of the Committee, Sen. Vickie Sawyer (NC). Sen. Sawyer stated that we're going to move to the consideration of the readoption of model laws. Per NCOIL bylaws, all model laws must be readopted every 5 years, or else they will sunset. The models up for readoption are on the app and website and appear in your binders starting on page 135. The model acts are the Model Unclaimed Life Insurance Benefits Act and the Life Settlement Model Act. We're going to handle these separately as there have been some amendments proposed to the Life Settlements Model Act. So, for the Model Unclaimed Life Insurance Benefits Act, it has proven to be a very successful model and it has been adopted in over 30 states. Accordingly, I'll entertain a motion to readopt the model. Hearing no comments or questions, upon a motion made by Rep. Anderson and seconded by Rep. Tom Oliverson, M.D. (TX), NCOIL President, the Committee voted without objection by way of a voice vote to readopt the Model.

Sen. Sawyer stated that the Life Settlements Model Act has also been proven to be a very successful Model with it being adopted in about 15 states and about another 10 states having adopted a combination of the NCOIL and NAIC model. Amendments to the Model have been proposed for discussion by the Life Insurance Settlements Association (LISA) so we won't be voting on the amendments today, they have been offered up only for discussion purposes and there is no sponsor attached. With us here today to briefly summarize the proposed amendments is Alan Buerger, Chairman and co-founder of Coventry, on behalf of LISA.

Mr. Buerger thanked the Committee for the opportunity to speak and stated that I'm here representing LISA which represents all licenses of both brokers and providers, which is what Coventry, my company is. At the risk of being somewhat presumptuous, I don't recognize very many of you from the time a very controversial Model was created. And so, I'll just say this in the event a couple of you aren't familiar with life settlements. A life settlement very simply is the purchase of an existing life insurance policy when the policy owner no longer needs or can afford that policy. That makes up approximately 20% of individuals insured, aged 65 and older, and literally hundreds of billions of dollars of insurance lapse are surrendered by that demographic every year. So, a life settlement is simply an option. A consumer choice. It was controversial when it began, it was an outgrowth of the viatical settlement business which had its problems. The life settlement business is meant to give consumers a choice so on behalf of LISA we appreciate NCOIL accepting suggestions. We reached out to NCOIL and said we thought that 17 years was long enough and there was a need for some changes. I agree the Model has been successful. In fact, the insurance departments, and I think legislators rarely see complaints about our industry. But there are some issues in the 17 years I think should be addressed.

They fall into two categories. Basically, one I'll call electronic. We live in a different world. Electronic signatures should be accepted. It's inexcusable. And I don't mean to be pejorative, but some carriers willfully don't accept electronic signatures and make it difficult to get a transaction completed. And that's unfair to the consumer. It can take 30, 60, 90 days. And so some of the amendments we're suggesting are meant to help the consumer with respect to getting a transaction completed. Additionally, we have made suggestions and these suggestions came from all of the members of the LISA. They were asked, what do you see as issues? And these are issues that they're confronted with every day. In terms of signatures and verification of coverage, that's necessary. We should be able to get that electronically, not by snail mail, and sent where it's authorized to be sent. So, they're all housekeeping, efficiency type changes. The other change that many members suggested we come to you with has to do with should agents be prohibited from saying to a client who comes to the agent thinking of dropping their insurance, "Well, you know you have another option. You could see if there's value in excess of what the insurance company will give you in the way of a life settlement." Right now, and it's a minority of companies it's probably no more than a dozen, prohibit their agents from even doing that, from even suggesting that there is this option. That's anti-consumer and I think we can do better. I recognize the American Council of Life Insurers (ACLI) would prefer to leave what has been successful left alone. We worked very hard with the ACLI 17 years ago. It was controversial then, because of stranger owned life insurance (STOLI) which is not an issue today. We embrace the idea of working with you as legislators and members of NCOIL and with the ACLI and any other stakeholders to see if we can find ways to improve what's already a good Model and make it more responsive to consumers.

Jill Rickard, Regional VP, State Relations – American Council of Life Insurers (ACLI) thanked the Committee for the opportunity to speak and stated that ACLI does oppose the reopening and amendments of this model at this time for the reasons stated. We don't see any evidence of consumer harm in that marketplace. And I don't know how many of you were around when this was negotiated but it was a period of two years and many hours and all stakeholders participated in those negotiations, insurers, insurance agents, consumers, as well as the life settlement industry. Some of the changes being proposed such as the electronic information, I don't think that's controversial, nor do I think it's prohibited. The time frames and then the notice of secondary market options were heavily negotiated at that time and decided when the NCOIL as well as the NAIC Viatical Settlements Model Acts were adopted. And again, without evidence of harm to consumers in the marketplace we do not support renegotiating this Model at this time. I'm happy to answer questions, but really just to respond to the prohibition on mentioning life settlements, that not only would apply to independent agents who do represent a number of insurance companies, but also to captive agents, who are basically employees of one specific insurance company and I don't think anybody would agree that those individuals should be obligated to advertise a product that is in competition to, for example, the options available under a life policy such as accelerated death benefits, etc.

Rep. Anderson thanked Mr. Buerger and Ms. Rickard and stated since there are some proposed amendments to the model that I believe warrant at least some further discussion, I will entertain a motion to readopt the model until our next meeting in July rather than for the full 5 years. Hearing no further questions or comments, upon a motion made by Rep. Oliverson and seconded by Rep. Hefner, the Committee voted without objection by way of a voice vote to readopt the Model until the July meeting.

ADJOURNMENT

Hearing no further business, upon a motion made by Sen. Jerry Klein (ND) and seconded by Del. Steve Westfall (WV), the Committee adjourned at 6:00 p.m.