

To: Sara L. Bamford, IIPRC

RE: Rulemaking: Amended Individual Life Insurance Application Standards

On behalf of the Life Insurance Settlement Association (LISA), thank you for the opportunity to comment on the proposed Standards for Individual Life Policy Applications. LISA is the nation's oldest, largest and most diverse organization of participants in the Life Settlement Industry. Our 180 members comprise many of the largest and most active licensed participants in the state Life and Viatical Settlement Markets.

LISA has become aware that a new standard in the Individual Life Policy Application Standards which refers to requirements for policy applications regarding the sale or assignment of a policy.

The standard is contained in the following paragraph:

*2. f. The required notice regarding an agreement to sell or assign the policy must provide that state law may specify a certain time period restricting such agreement, rather than the two-year limitation in the originally adopted standards.*

We are concerned that this standard may reflect an approach which is very rare or seldom applicable. Restrictions on assignment related to a frame of time beyond the contest period have been adopted in only a very few states and we have vigorously objected to those provisions. In adopting this standard, the Commission may be wading into a controversial issue which has not been supported by the legislatures of most states considering such a restriction in the past year. Unfortunately, the impression may be created that the compact is being used to advance a policy which has been generally rejected in the states as it seems to advise consumers of a restriction on their rights applicable in only a very few states. In the absence of more uniform adoption of such restrictions, and in the absence of clarity on the enforceability of such restrictions, we do not think that consumers should be "warned" or "advised" of such restrictions as if they were a standard matter of public policy.

We would suggest that it may be difficult or impossible to tell a policy purchaser, at the time of her purchase, that her rights may be impaired in another state. We certainly doubt whether such a restriction by another state would be enforceable after the purchase and we are certain that such an action would lead to litigation.

We doubt that this will meet the general intent of the compact, as we have understood it, to allow for speed to market while not supporting language which was controversial or on which there was no consensus among the states.

As it is our impression that the standard would assume an impairment of the current rights of consumers which may not be valid in most states, we would suggest that it is not appropriate.

We have not been involved in earlier discussions of this issue so we may not have the full understanding of the process, issues or direction this conversation has followed. So at this time, we would ask for any direction you can give us as to the relevant documents or discussions and also ask that the issue be heard in the next appropriate forum.

We are full of questions as to how such a notice would be handled in the sale process and what documentation would be required to fully explain all the relevant issues to consumers.

We ask that the proposal be rejected or raised for additional discussion prior to adoption. We believe that this notice is inaccurate under the rights of most policy holders in most states and that suggesting it may lead to an inaccurate impression by consumers of their rights.

We thank you for your consideration and look forward to further opportunity to discuss this issue with the appropriate bodies of the Compact.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Head". The signature is stylized and cursive.

Doug Head  
*LISA Executive Director*