

**Statement of Birny Birnbaum Regarding the National Association of Insurance
Commissioner's Model Law on Stranger Owned Life Insurance.**

March 31, 2008

I am the Executive Director of the Center for Economic Justice, a non-profit consumer advocacy organization which has worked extensively on insurance issues, including the problems of stranger-owned life insurance (SOLI). I am also one of the designated consumer representatives at the National Association of Insurance Commissioners (NAIC) and serve on the NAIC Consumer Board of Trustees. I participated extensively over a two-year period in the NAIC development of revisions to its model law on viatical settlements to address the problems with SOLI. I have participated in the NAIC as both a regulator and a consumer advocate for the past 15 years and that involvement has included a number of life insurance issues.

I make this statement because of false statements and scurrilous attacks against the NAIC and former Commissioner Jim Poolman.

In an effort to defeat the NAIC SOLI-related model as it comes up in the states, opponents of the NAIC model have falsely claimed the process by which the model law was developed was "flawed" and have unfairly attacked the integrity of former Commissioner Jim Poolman. These claims are incorrect and unfounded. The NAIC process was fair and Jim Poolman crafted a strong record of consumer protections both in North Dakota and at the NAIC.

The process by which the NAIC developed and adopted the SOLI-related model law was lengthy, open and fair. Interested parties – insurers, agents, life settlement industry, consumers and others – had many opportunities to offer comments and recommendations on numerous proposals and drafts. The model was developed and adopted in accordance with standard NAIC procedures and interested parties had as much or more opportunity to influence the outcome of the deliberations on the SOLI-related model law than with any of the hundreds of other NAIC work products I have participated in. I personally provided written or oral comments on over a half-dozen occasions. While I did not agree with the final NAIC SOLI-related model law, the process by which the model was developed and adopted was fair. Anyone who claims that the process was not fair is either not familiar with the facts or is intentionally misrepresenting the situation. By comparison, the NAIC process is far more inclusive than that of the National Conference of Insurance Legislators (NCOIL), whose membership does not include a large number of states.

Jim Poolman accomplished more on behalf of consumers in North Dakota and at the NAIC than any other insurance commissioner during the 15 years I have participated with the NAIC. To name just a few examples, Poolman reduced credit insurance rates in North Dakota and dramatically improved the value of that product for low-income consumers who are the target market. Poolman developed and help pass the law in North Dakota limiting insurers' use of claims databases to prevent consumers from being penalized for making inquiries to the insurance companies. This law is the strongest consumer protection in the country on the issue. Poolman levied a major fine and stopped abusive claims settlement practices of Farmers insurance – an action that no other state has matched. At the NAIC, Poolman broke an impasse on the application of suitability requirements for sellers of annuities – opening the door for critical consumer protections that have helped consumers in dozens of states. These are just some of the accomplishments of Jim Poolman on behalf of insurance consumers.

Given the choice of who is more likely to work in the interests of insurance consumers – Jim Poolman or the life settlement industry – there is no question that Jim Poolman has earned the trust and admiration of this consumer advocate.

I close by asking policymakers to address the problems with SOLI, to consider the merits of the NAIC model law and to be skeptical of those who try to throw dirt on the NAIC model by falsely claiming “flawed” process or by attacking Jim Poolman.

Please contact me if you have any questions.

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