



A National Alliance of Life Companies

# NEWSLETTER

NATIONAL ALLIANCE OF LIFE COMPANIES

An Association of Life and Health Insurance Companies

## August 2011

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The news in this publication, including links to background and supplemental information, is also available on the NALC members' website at <http://members.nalc.net>.

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## A Letter from the Executive Director

August 1, 2011

Dear Member:



Hope you all are having a good summer. We are busy planning our Fall Meeting in Park City, Utah, which is scheduled for September 21st through the 23rd. We have a great program and interest in the Utah event is strong, so please make plans to attend as soon as possible.

I was in Salt Lake City for the National Governors' Association a few weeks ago and in Washington, DC last week. As you might guess, the subject of conversation was the debt extension and deficit reduction, and the inability of our federal government to work together to provide a meaningful solution. It will be interesting to see if Washington can pass a plan before the August 2 deadline. My guess is an 11th hour compromise will be reached that extends the debt cap past the next election, and provides a larger amount of expense reduction without any revenue increases.

This brings to mind a larger problem in the current political environment - the lack of a center. Regardless of political party, the moderates in both parties form a valuable bridge to reaching compromise on important national issues. While our nation remains evenly split politically, our political representatives in Washington have become more conservative and liberal, and gridlock has become the new normal.

This reminds me of why I am such a fan of strong state governments. State governments have to balance budgets, provide police protection, and educate our children. Come to think of it, state governments also do a good job of regulating our insurance business.

In less than a month, I will be attending the NAIC meeting in Philadelphia. The big topic of conversation remains the health insurance rollout. Interestingly enough, you don't hear much conversation from the large companies about the benefits of federal regulation these days.

Look forward to seeing you in Utah in September. As always, let us know if we can help in any way.

Sincerely,

A handwritten signature in cursive script that reads "Jim Hodges".

Jim Hodges  
Executive Director

## NALC Highlights

*Register Now!*

### 2011 Fall Conference

September 21 - 23, 2011

Hotel Park City

Park City, Utah

<http://hotelparkcity.com/index.html>



It's not too early to make your plans to attend the NALC 2011 Fall Conference in beautiful Park City, Utah. Our conference registration page is ready for you now at <http://www.nalc.net/conference/registration.htm>. You will find the following on the registration page:

- Online conference and golf outing registration.
- Hotel reservation form.
- Sponsors and remaining sponsorship opportunities.
- Conference schedule.

*If you are interested in receiving CLE credits for portions of our conference, please contact Dawn Bergsma at 941-379-6100, or by e-mail at [nalc@comcast.net](mailto:nalc@comcast.net).*

**Sponsorships Available** -- Call Dawn Bergsma to claim one of more of the few remaining sponsorship opportunities:

- Dinner Co Sponsor                      \$1,000
- Printing Expenses                        \$2,000
- Audio/Visual Expenses                 \$2,000

*We look forward to seeing you in Utah.*

## NAIC Focus

### NAIC Summer National Meeting

The NAIC will hold its 2011 Summer National Meeting August 29 - September 1 at the Philadelphia Marriott Downtown, Philadelphia, Pennsylvania. Meeting registration and other materials are now available at [http://www.naic.org/meetings\\_home.htm](http://www.naic.org/meetings_home.htm).

### NAIC Remembers Former Virginia Insurance Commissioner Alfred Gross

In a statement issued July 28, NAIC President Susan Voss wrote the following: "We are saddened to learn of the passing of our dear friend and former colleague, Al Gross. In his fourteen years as commissioner of the Virginia Bureau of Insurance before retiring last fall, Al was an invaluable asset to the NAIC and a mentor to many fellow regulators. He was a leader in financial regulation and highly regarded internationally for his contributions. State-based regulation is better because of him. While he was lauded for his tremendous

regulatory expertise, Al was equally appreciated for his service and friendship. On behalf of the NAIC, we extend our deepest sympathies to his family."

## Regulators Highlight State-Based Strengths

On July 28, members of the NAIC highlighted progress made by states in response to the nation's financial crisis. NAIC President and Iowa Insurance Commissioner Susan E. Voss and Missouri Insurance Director John M. Huff testified before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity. Congresswoman Judy Biggert (R-Ill.), who chairs the Subcommittee, opened the hearing with strong praise for state-based insurance regulation, asserting the system has worked and endured in spite of roiling financial markets.

"Insurance oversight in the US remains strong and continues to improve," said Voss. "We have taken steps to address an evolving landscape and ensure continued protection of the American consumer. Regulators have made great strides in developing tools that ensure a competitive environment, while preserving states' front-line strength of solvency regulation and consumer protection."

"Both the nature and regulation of insurance products are fundamentally different from the nature and regulation of banking and securities instruments," said Huff, who also serves on the Financial Stability Oversight Council (FSOC) created under the Dodd-Frank financial reform legislation, and is charged with identifying systemic risk in financial sectors. "We remain hopeful that these differences will be adequately acknowledged and accommodated by FSOC and by our international counterparts."

The hearing comes just after the one year anniversary of the passage of Dodd-Frank, which was signed into law on July 21, 2010. Also marking the one year mark was the release of the FSOC's first Annual Report.

"This report confirms that most insurance sectors generally weathered the financial crisis well," said Huff. "While state regulators are continuing to closely monitor some specific aspects, the insurance industry, overall, remains healthy and vibrant."

## NCOIL Notes

### NCOIL Seeks Protections for Unclaimed Life Insurance Benefits

Members of a key NCOIL Committee resolved here on Friday to incorporate a targeted legislative response to life insurers' unclaimed property practices in its 2010 Beneficiaries' Bill of Rights. The Life Insurance & Financial Planning Committee, after extensive discussion, determined there was a need for greater transparency and accountability in how companies seek out beneficiaries to pay unclaimed death benefits. Committee members unanimously decided to draft language during interim conference calls in hopes of finishing a final product in time for November Annual Meeting consideration.

Immediate Past NCOIL President Rep. Damron (KY)—sponsor of the 2010 Bill of Rights and also of new amendments to target unclaimed property concerns—asserted that "Updating the model will ensure that carriers fulfill their obligations to policyholders and payments to beneficiaries. We've heard that companies are using a Social Security Death Master File to find any deceased annuity owners and stop payments but not searching to find and pay life insurance beneficiaries."

Rep. Damron added that "Abandoned property issues emerged during NCOIL discussions on the model last year. Rather than draft a new model, NCOIL can achieve efficiencies by addressing two inter-related claims

payment issues of retained asset accounts and unclaimed property. These amendments will compliment and strengthen the existing model.”. Following the vote, NCOIL President Rep. George Keiser (ND) said “An ongoing nationwide audit of life insurers by the states is showing that potentially billions of dollars could be owed to beneficiaries. There obviously is a need for more transparency. Contracts should be honored and, where possible, beneficiaries should be located and notified of benefits that are rightfully theirs.”

Rep. Damron’s proposed amendments would require insurers to periodically check a national Social Security database to identify deceased life insurance policy holders/RAA owners in order to find beneficiaries and pay any unclaimed benefits. Changes would also require insurers to use the same review procedures for both annuities and life insurance and—if a beneficiary isn’t found within 45 days—to remit unclaimed proceeds to states, subject to a dormancy period that begins when a deceased owner/account holder is first identified.

The Committee heard from consumer and industry representatives, including the Center for Insurance Research and the American Council of Life Insurers (ACLI). During a Thursday afternoon dialogue between NCOIL and National Association of Insurance Commissioners (NAIC) members, legislators also heard from NAIC President Commissioner Susan Voss (IA) and President-Elect Commissioner Kevin McCarty (FL) on state regulator efforts. The 2010 model act, as originally adopted, requires extensive written insurer disclosures to consumers and reporting requirements about, among other things, life insurer methods of paying death benefits through controversial retained asset accounts instead of through lump sums. Indiana, Kentucky, Rhode Island, and Virginia adopted the model during 2010.

## News from the States

### Iowa Commissioner Challenges Federal Rate Review

Iowa Insurance Commissioner Susan Voss is protesting an Obama administration's assertion of rate review authority for health insurance plans in the Hawkeye State. Voss held a conference call meeting with officials from the U.S. Department of Health and Human Services July 29. Federal officials failed to understand the scope of Iowa's rate review system, said Voss, who is also president of the National Association of Insurance Commissioners. "We have the same rate review as states like Kansas and others that were deemed appropriate," she said.

HHS' Center for Consumer Information & Insurance Oversight recently determined found rate review systems to be either not effective or only partially effective in 10 states — Alabama, Arizona, Idaho, Iowa, Louisiana, Missouri, Montana, Pennsylvania, Virginia, Wyoming — and four territories. Under final rate review regulations adopted under the Affordable Care Act, federal officials will conduct reviews of rate increases of 10% or more unless and until those states have strengthened processes.

CCIIO found Iowa to have an effective rate review process for the individual market but not for the small group market. However, in a letter to CCIIO Director Steven Larsen, Voss said Iowa has reviewed small group plans in the past and has the authority to do so more intensely. "Nothing in Iowa law specifically states that small group rates are not required to be filed. Consequently, we believe the commissioner could begin such reviews immediately without regulatory or statutory changes," she wrote.

Starting September 2012, the 10% level will be replaced with thresholds that reflect state-specific insurance and health care cost trends in each state, developed with federal officials. Health insurers have criticized what they see as an assumption of blame for rising rates. They have also criticized the 10% threshold as arbitrary and not based on actuarial data.

The regulation also requires insurance companies to provide easily comprehensible information to their customers about their reasons for rate increases judged to be unreasonable or excessive. They will be required to publicly justify and post online any "unreasonable" rate increases.

The Affordable Care Act allocated \$250 million for states to improve their oversight processes. So far, 43 States and the District of Columbia are using \$44 million in grants.

## New York DOI Orders Life Insurers to Explain Death Master File Procedures

New York has become the latest state to publicly enter the debate over how life insurance companies should be required to use the Social Security Administration's Death Master File to locate policyholders who have died and may have beneficiaries who are owed death benefit payments.

The New York Insurance Department has ordered all life insurers doing business in the state to compile written reports that list how many death benefit payments they haven't paid because they did not use the Death Master File, which lists the name of every Social Security number holder who has died. Life insurers are also required to report on their success in finding and making payments to beneficiaries.

The department is also requiring all 172 life insurers and fraternal benefit societies licensed in the state to begin using the Death Master File to find policyholders who have died but who have beneficiaries who haven't been paid benefits to which they are entitled.

New York Life insurers are required to submit reports on their Death Master File policies and the status of unpaid benefits by September 30. They are required to submit a follow-up by March 31, 2012 that lists their efforts to pay beneficiaries who hadn't been paid previously and whether any new procedures have been put in place to track down unpaid beneficiaries.

The New York DOI said it is working to amend its unfair claims practices regulations to require life insurers to perform regular Death Master File sweeps and to require life insurers to request more detailed policyholder and beneficiary information, including SSN information and addresses, to facilitate the identification of policyholders who have died and to aid in locating beneficiaries in the future.

Insurance regulators have been investigating why life insurers allegedly use the Death Master File to cut off annuity payments once a contract holder dies but aren't using the same information to determine if any death benefit payments are due under life insurance policies, annuity contracts, or retained asset accounts. To date, 35 states have coordinated with the National Association of Insurance Commissioners on investigations into whether industry-wide practices have resulted in insurers knowing about policyholders deaths while still continuing to draw-down premium costs from their accounts until the cash reserves were diminished entirely.

Regulators have estimated that as a result of those allegedly improper payment practices, the combined damages across the affected states may exceed \$1 billion. California and Florida have been at the forefront of the national investigation, issuing subpoenas to MetLife and Nationwide Life Insurance Co. that required company representatives to detail their policies regarding the Death Master File. Connecticut's Department of Insurance has also sent inquiries to some of the larger life insurance writers in that state seeking information about Death Master File policies, but responding to those inquiries is voluntary at this stage.

John Hancock Life Insurance Co. has already reached a settlement with 23 states in the investigation that requires the company to pay out millions in restitution and to implement significant changes to its payment policies.

Despite the highly public nature of the investigation into Death Master File procedures, some industry experts have questioned whether the fuss is worth it. Jason Gosselin, a Drinker Biddle & Reath partner who represents life insurers, said he has seen "zero evidence" the alleged problem is as widespread as regulators say it is. "The life insurance business depends on companies having a strong reputation for paying out death benefits," Gosselin said. "If they don't, people aren't going to buy life insurance from them."

## On the National Front

### FSOC Nominee: Insurers Must Be Studied for Systemic Risk

Insurance companies should be evaluated "on a case-by-case basis" to determine whether they would pose a systemic risk to the economy if they fail, Roy Woodall, President Barack Obama's insurance nominee to the Financial Stability Oversight Council, said in his Senate Banking Committee confirmation hearing. Insurance companies operating under traditional parameters are unlikely to be systemically important financial institutions, Woodall said. "However, you don't know that until you see what kind of products they're selling," he said.

Sen. Richard Shelby, R-Ala., the committee's ranking Republican, said the problems of American International Group (AIG) are a cause for reconsidering the mostly hands-off federal role over insurance. "The federal government has historically paid little attention to insurance," he said. "The failure of AIG, however, demonstrated that the federal government needs to do a far better job of monitoring risk in this critical facet of our financial markets."

State insurance regulators and property/casualty insurers have consistently argued that AIG's problems were not the role of its insurance operations, but of its federally overseen financial products division. Property/casualty insurers have also argued that the nature of their business — state-regulated, with guaranty funds — should eliminate them from systemic risk considerations.

AIG went outside its traditional role, Woodall said. With insurers, "You have to look under the hood and make sure there aren't any regulatory gaps in there."

The Senate Banking Committee treated Woodall to a warm and mostly light-handed reception during the hearing. Woodall appeared in a joint panel with Marty Gruenberg, Obama's nominee to chair the Federal Deposit Insurance Corp., and Thomas Curry, nominated to be Comptroller of the Currency. Both posts also sit on the FSOC. Democrats and Republicans praised Woodall's mix of public- and private-sector experience and said they hope to see him participating in FSOC deliberations soon. Sen. Bob Corker, R-Tenn., joked that Woodall seemed "universally loved."

Woodall, a former Treasury Department analyst and Kentucky insurance commissioner, is slated for the designated role of a full voting member with insurance expertise, as established by the Dodd-Frank financial reform act. The nominee said he will be no "shrinking violet" and an independent voice. "I won't be speaking for the administration, or for the insurance industry, or for the state regulators," he said.

While some Senators referred to Woodall's role as the sole insurance-specific FSOC member, the nominee cited the presence of two nonvoting insurance-oriented members: Federal Insurance Office Director Michael

McRaith, a former Illinois regulator; and Missouri Insurance Director John Huff, who represents the National Association of Insurance Commissioners.

Woodall served as a senior insurance policy analyst in the Treasury Department from 2002 until his recent retirement. Previously, he worked at the Congressional Research Service as an insurance consultant from 2001 to 2002. He served as the Bluegrass State's insurance commissioner in the 1960s.

Woodall's private-sector experience includes a 13-year stretch as president of the National Association of Life Companies. After its merger with the American Council of Life Insurers in 1993, he represented ACLI as managing director for issues and vice president and chief counsel for state relations.

## GAO Highlights Annuity Benefits, Policy Recommendations

A U.S. Government Accountability Office report highlighted the merits of investing in annuity products to protect retirees from outliving their savings in a time of fewer guarantees. The report also encouraged the adoption of policies to promote the growth of annuities.

The GAO identified recommendations from industry and consumer sources, as well as others, including mandating that sponsors of defined contribution plans to offer a default annuity and modifying tax law on minimum distributions for deeply deferred annuities. Another policy proposal would be for the Labor Department to revise a 2008 regulation that establishes a safe harbor for the selection of an annuity provider; industry representatives told the GAO that the current regulation on requiring sponsors to assess the ability of an insurance provider to make future payments lacks detail.

As more employers leave defined benefit plans for defined contribution plans, workers must assume greater responsibility for their retirement security, according to the GAO report. "Regarding the choices retirees have made, GAO found that most retirees rely primarily on Social Security and pass up opportunities for additional lifetime retirement income. Taking Social Security benefits when they turned 62, many retirees born in 1943, for example, passed up increases of at least 33% in their monthly inflation-adjusted Social Security benefit levels available at full retirement age of 66. Most retirees who left jobs with a [defined benefit] pension received or deferred lifetime benefits, but only 6% of those with a DC plan chose or purchased an annuity at retirement," the report stated.

"The report describes proposals to encourage the availability of annuities in defined contribution plans, which ACLI supports. GAO's report should be read by workers and retirees, as well as financial planners and policymakers. It makes clear that annuities represent an opportunity for lifetime retirement income to supplement Social Security," American Council of Life Insurers President and Chief Executive Officer Dirk Kempthorne said in a statement.

The report stopped short of outright recommendations for investing in annuities. The GAO also determined that delaying Social Security benefits is more cost-effective for many workers than purchasing an annuity to enhance retirement income.

Kempthorne reiterated ACLI's support for the Lifetime Income Disclosure Act, now before the U.S. Senate Committee on Health, Education, Labor, and Pensions. Under S 267, 401(k) plans and other products would have to provide information about both the lump-sum value of retirement accounts and what that sum means in terms of guaranteed monthly payments, based on retirement age and other factors. It is sponsored by Sens. Jeff Bingaman, D-N.M.; Johnny Isakson, R-Ga.; and Herb Kohl, D-Wis.

Life insurers testified in favor of policies to promote greater annuity use, including similar disclosures, at a U.S. Department of Labor hearing last September. Tom Roberts, chief counsel at ING Insurance U.S., focused on how to inform employees that their retirement savings could be channeled into annuities that would provide lifetime income guarantees, and "rules and regulations to make it easier for employers to select and administer guaranteed lifetime income products."

This topic had also been the focus of a congressional hearing earlier this year analyzing annuities' place in the employer-based retirement system. At that hearing of the Senate's Special Committee on Aging, the federal agencies that had been seeking input on guaranteed income said the response had been vigorous.

## Feds Prepare to Judge Double-Digit Health Insurance Hikes

Federal officials are preparing to judge health insurance rate increases of 10% or more for excessiveness in seven states determined to have ineffective rate review processes.

The Center for Consumer Information & Insurance Oversight found rate review systems to be insufficient in Alabama, Arizona, Idaho, Louisiana, Missouri, Montana, Wyoming and four territories. Under final rate review regulations adopted under the authority of the Affordable Care Act, federal officials will conduct reviews "until those areas are able to strengthen their review processes and authorities," CCIIO, a division of the Centers for Medicare & Medicaid Services, announced. The center also announced partnerships with three states — Iowa, Pennsylvania and Virginia — it deemed to have a partially effective review program.

Louisiana Insurance Commissioner Jim Donelon plans to introduce legislation to establish a review structure in order to make the federal involvement unnecessary. The CCIIO designation is not a surprise, Donelon said. "Historically, we have not had prior approval of rates at all," he said.

The rate review regulation — finalized in May and effective Sept. 1 — requires the use of independent experts to review proposed increases of 10% or more for most individual and small group health insurance plans. Reviews will be the job of state regulators. Federal officials gained the authority to perform rate reviews in states that lack the resources or otherwise decline to take on the responsibility. Starting September 2012, the 10% level will be replaced with thresholds that reflect state-specific insurance and health care cost trends in each state, developed with federal officials.

The Affordable Care Act allocated \$250 million for states to improve their oversight processes. So far, 43 States and the District of Columbia are using \$44 million in grants.

Health insurers have criticized what they see as an assumption of blame for rising rates. The rising cost of providing medical care is the number-one reason for rate increases, they said. Insurers have also criticized the 10% threshold for considering an increase potentially excessive as arbitrary and not based on actuarial data.

The regulation also requires insurance companies to provide easily comprehensible information to their customers about their reasons for rate increases judged to be unreasonable or excessive. They will be required to publicly justify and post online any "unreasonable" rate increases.

## Industry News

### Life Insurance Purchasing Habits Changing

*New LIFE and LIMRA Study Examines Changes in Insurance Planning Attitudes and Behaviors*

It has long been said that life insurance is a product that is sold, not bought. Yet a new study finds that Americans' preferences for purchasing life insurance are shifting towards direct buying methods. While two thirds of consumers (64 percent) still prefer to buy life insurance from an insurance or financial professional, that number is down from 1996, when 8 in 10 (80 percent) preferred to buy the product face-to-face. Today, more than one in four adults (26 percent) prefer to purchase life insurance direct via the Internet, mail or over the phone.

“Obviously, the Internet has fundamentally changed consumers' buying practices over the past 15 years,” said Marvin H. Feldman, CLU, ChFC, RFC, president and CEO of the LIFE Foundation. “Recognizing the growing consumer interest to use the Internet to conduct research and buy life insurance, life insurance companies and agents have developed and implemented innovative strategies to engage and serve consumers through their websites and social media platforms that are more convenient for the customer.”

Not surprisingly, younger consumers showed the most interest in purchasing life insurance through the Internet. Among those ages 25-44, a prime group for purchasing life insurance, 31 percent said they would prefer to buy direct, with three in four citing the Internet as their preferred means of direct buying.

These findings were released today by the nonprofit LIFE Foundation (Life and Health Insurance Foundation for Education) and LIMRA as part of the organizations' “2011 Insurance Barometer Study,” a new, annual survey designed to increase understanding about consumer attitudes and behaviors regarding a host of insurance and financial planning matters. The study also found that consumers generally view life insurance as a necessity, with 86 percent agreeing that most people need life insurance. However, the figure drops to 70 percent when people are asked if they personally need life insurance. Only 63 percent of individuals surveyed say they own some sort of life insurance, which is similar to other recent research conducted by LIMRA in 2010.

“Life insurance has never been as easy or inexpensive to buy, yet millions of Americans continue to put off making a purchase that they, by their own admission, say is an important one,” noted Feldman.

While the percent of people who want to buy over the Internet is still relatively small compared to the percent who want to buy from an insurance agent (17 vs. 64 percent), the Internet now plays a role in eight out of ten life insurance purchases. When asked how they would use the Internet if they were to make a life insurance purchase, 59 percent say they would use it to conduct research, but ultimately buy from an insurance agent. Twenty-one percent say they would research and complete the purchase online. Among 25-44 year-olds, nine in 10 say they would use the Internet in some fashion during the buying process.

#### ***Additional findings from the research:***

**Consumers Want to Understand What They're Buying:** When asked about factors that are important to them when buying life insurance, understanding what they are buying ranks highest among Americans (36 percent), followed by obtaining the proper amount of coverage (22 percent). Getting the best price ranked fourth out of six factors, with only 14 percent saying it was most important to them. Being certain about what they are buying is particularly important to women (39 percent say it is the most important factor compared to 32 percent of men), while men place greater importance than women on getting the best price (17 vs. 11 percent).

**Concerns Over Price Hinder People from Buying More:** Even though the cost of basic term life insurance has fallen by about 50 percent over the past 10 years, consumers' misperception of the cost of life insurance continues. The study found that the cost of life insurance is the top reason people give for not having enough life insurance. Of insured people who say their coverage is inadequate, 85 percent say cost has prevented them from buying more, followed by 76 percent who cite other financial priorities and 55 percent who say they don't know how much or what type to buy.

**Most Desire to Leave a Legacy:** By a sizable margin, the top reason people say they own life insurance is to cover burial and other final expenses (89 percent) followed by replacing the income of a wage earner (65 percent). Adults of all income levels, not just the wealthy, see life insurance as a way to transfer wealth or leave an inheritance (62 percent).

**Other Financial Concerns:** When asked about common financial concerns, 46 percent of adults say they are extremely or very concerned about having money for a comfortable retirement, followed next by paying for medical expenses (42 percent). Even though many Americans don't have any life insurance or are inadequately insured, only 27 percent say they are extremely or very concerned about dying prematurely and leaving family members in a difficult financial situation.

"The psychology of a life insurance purchase is very complex, and the results of this new study bear that out," Robert Kerzner, CLU, ChFC, president and CEO of LIMRA, LOMA, and LL Global. "Research like this is important because it provides a better understanding of evolving consumer trends and preferences, like the use of technology and the Internet. We hope that this annual tracking survey will provide insight to companies and producers, enabling them to effectively reach more consumers and increase the number of people owning life insurance."

## Strong Sales of Life Combo Products Trump LTC

There is likely to be strong sales of individual life combination products for 2011 and beyond but at the expense of long-term care insurance, which has been on a downward sales trend for about a decade, says the chief medical strategist for Hartford Financial Services Group. Sales of long-term care insurance have dropped on uncertainties such as the timing and size of claims, said Dr. Robert Pokorski, chief medical strategist for Hartford Financial Services Group (HIG).

High-profile companies are exiting the market while aging policyholders are seeing major premium hikes—some taking place up to 20 years after the policy was bought, Pokorski said. Also, longer life spans and more costly medical care complicate matters.

Combination products can be a cost-effective solution, said Pokorski, who noted that most chronic care is administered at home rather than at facilities.

According to LIMRA, new premium sales of individual life combination products jumped 62% in 2010, reaching \$1.2 billion, following double-digit growth in 2009. New sales represent 6% of the individual life insurance market based on new premium.

When an insurer is selling a combo product, it's selling life insurance first and foremost, and the risk is much smaller compared to stand-alone LTC insurance, Pokorski said. Among the main reasons is mortality risk.

There are several riders that can be added to combo products, with the traditional being long-term care, Pokorski said. It operates much like LTC insurance in that if someone has a "claim event," the policy will advance the death benefit to pay for the cost of care.

Over the past few years, most of the growth in the combo product market has come from "linked benefit" products, which in 2010, grew 60%, representing 45% of policies sold, LIMRA said. The buyer decides on the life face amount, and then decides on the additional LTC benefit.

Hartford sells a unique combo product, called LifeAccess, which features an optional rider on a permanent life insurance policy, and sales of which went up 68% last year, he said.

LifeAccess pays for a condition, not for care of a condition, he said. When the policyholder satisfies the claim criteria, they can advance the death benefit, and use the money for any reason, including paying someone to help them at home or paying for care at an assisted living facility or nursing home.

Similar to the overall individual life market, sales of universal life and whole life combo products increased in 2010 from 2009, LIMRA said. However, UL combo products continue to be the biggest segment of this market — in premium, new policies and insurance sold.

## Calendar of Industry Events

<b>August 29-Sept. 1, 2011</b> NAIC Summer National Meeting	Marriott Philadelphia Downtown Philadelphia, PA
<b>September 21-23, 2011</b> NALC 2011 Fall Conference	Hotel Park City Park City, Utah
<b>November 3-6, 2011</b> NAIC Fall National Meeting	Gaylord National Hotel & Convention Center Washington, DC
<b>November 17-20, 2011</b> NCOIL 2011 Annual Meeting	Eldorado Hotel & Spa Santa Fe, New Mexico
<b>March 3-6, 2012</b> NAIC Spring National Meeting	Hilton New Orleans New Orleans, Louisiana
<b>March 9-11, 2012</b> NCOIL 2012 Spring Meeting	Location TBD
<b>April 18-20, 2012</b> NALC 2012 Spring Conference	LaCosta Resort & Spa Carlsbad, California
<b>July 12-15, 2012</b> NCOIL 2012 Summer Meeting	Location TBD
<b>August 11-14, 2012</b> NAIC Summer National Meeting	Atlanta Marriott Marquis Atlanta, GA
<b>September 19-21, 2012</b> NALC 2012 Fall Conference	Kingsmill Resort Williamsburg, Virginia
<b>November 15-18, 2012</b> NCOIL 2012 Annual Meeting	Grand Hotel Marriott Resort Point Clear, Alabama
<b>November 29-December 2, 2012</b> NAIC Summer National Meeting	Gaylord National Hotel & Convention Center Washington, DC
<b>March 8-10, 2013</b> NCOIL 2013 Spring Meeting	Hyatt Regency on Capitol Hill Washington, D.C.