



A National Alliance of Life Companies

NEWSLETTER

NATIONAL ALLIANCE OF LIFE COMPANIES *An Association of Life and Health Insurance Companies*

March 2011

Inside this Issue

A Letter from the Executive Director	1
NALC Highlights	2
2011 Spring Conference.....	2
Annual Meeting Notice	2
NAIC Focus	3
Spring National Meeting	3
NAIC Announces Committee Charges	3
West Virginia Implements SBS	4
NCOIL Notes	4
2011 Spring Meeting	4
NCOIL to Focus on Annuity Suitability in 2011	4
News from the States	5
Kansas Considers Amendment to Block Federal Reform Law	5
N.J. Commissioner Stresses Need for National Standards for Insurance Regulation	5
On the National Front.....	6
House Financial Services Leaders to White House: Appoint Insurance Reps Now	6
Life Insurers Oppose Return of Tax Plans for COLI, DRD	7
New Estate Tax Law May Spur More Interest in Gifting.....	8
Industry News	9
Life/Annuity Insurers Regain Ground as Economy Strengthens.....	9
2010 Life Insurance Applications Show Younger Market Losing Ground.....	10
Calendar of Industry Events	11

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>.

National Alliance of Life Companies

PO Box 50053

Sarasota, Florida 34232

Phone: 941-379-6100

Fax: 941-379-6112

Website: <http://www.nalc.net>

Members' Website: <http://members.nalc.net>

A Letter from the Executive Director

March 1, 2011

Dear Member:



We are busy putting the final touches on our Spring Conference, which is scheduled for April 27 through 29, 2011, at The Long Boat Key Club in Long Boat Key, Florida. We have enjoyed several conferences at Long Boat Key, and it is always a great setting for our organizational meetings.

I just returned from the National Governors Association (NGA) meetings in Washington, DC. At a meeting of former governors, we talked about the change in issues at the state level. A decade ago, the big issues at the NGA were public education and workforce development. This week, the discussion was focused on the rising cost of Medicaid, public pension liabilities, and job creation. Medicaid constituted less than 10% of the South Carolina state budget when I served as Governor, but a decade later the number is 22% and rising. Health care costs threaten to gobble up all state revenue growth, and cripple states' abilities to invest in education and infrastructure, the keys to succeeding in the future.

In my judgment, the real issue is not whether we repeal health care reform (it's not going to happen), but whether we get health care costs under some measure of control. Without meaningful cost control, the United States will grow less competitive, and we will be starved for needed investments in education and workforce improvement. This will happen to our government and our businesses.

My other takeaway from the NGA meeting involved social media. To a person, the former governors agreed the biggest change in the political world was the rise of social media. We all learned the power of social media in the Tunisian and Egyptian revolts. Social media served as the communications backbone of the movements. The old leaders of these countries relied upon control of media outlets to control communication in their countries. They didn't understand how the Internet and social media changed communication, and made media outlets less relevant to controlling the flow of information.

I would like for us to spend some time talking about the impact of social media on our own businesses at a future meeting. It would be an interesting discussion. It's a potent tool for good, but also carries the possibility of inflicting real pain and damage in the hands of an unscrupulous person or group. We need to understand it.

I am off for the NCOIL meeting in Washington this week. I will report on the discussions in our next newsletter. In the meantime, do not forget to sign up for the Spring Conference. Also, let us know if we can help in any way.

Sincerely,

A handwritten signature in cursive script that reads "Jim Hodges". The signature is written in dark ink on a white background.

Jim Hodges
Executive Director

NALC Highlights

Register Today!

2011 Spring Conference

April 27-April 29, 2011
Longboat Key Club & Resort
Longboat Key, Florida

<http://www.nalc.net/conference/registration.htm>



LONGBOAT KEY CLUB
& RESORT

Complete conference information is available on the NALC website. You can register online through the safe and secure online registration process or fill out the forms and send them in with your payment.

PLEASE NOTE: The NALC hotel room block expires on March 19, 2011. Reservations received after the cut-off date are subject to availability. Registration fees are subject to a \$50.00 late fee if not received by April 8, 2011. Registration fees are non-refundable after April 15, 2011.

You will find all of the following on the conference page:



- Online Registration -- <http://www.nalc.net/ereg01.htm>
- Hotel Reservation Form -- <http://www.nalc.net/conference/s11hotel.pdf>
- Sponsorship Opportunities -- <http://www.nalc.net/conference/s11sponsors.pdf>
- Longboat Key Club & Resort -- <http://www.longboatkeyclub.com>
- Longboat Brochure -- <http://www.nalc.net/conference/e-Brochure.pdf>
- Golf Registration -- The golf outing is scheduled for Thursday, April 28, 2011, at 1:00 p.m. at the on-site Islandside Course. The green fee, including cart, is \$85.00 per person. All monies will be paid on an individual basis, on site.
<http://www.longboatkeyclub.com/GolfTennis/Golf/Islandside>.

National Alliance of Life Companies Annual Meeting Notice

The Annual Meeting of the members of the National Alliance of Life Companies shall be held Friday, April 29, 2011 at 11:30 a.m. at The Longboat Key Club Resort, Longboat Key, Florida. The business of the Alliance shall include the election of members to fill vacancies on the Board of Directors.

Jim Hodges
Executive Director

NAIC Focus

Spring National Meeting



The NAIC will hold its 2011 Spring National Meeting on March 26 - 29, 2011 in Austin, Texas. Complete conference information is available at http://www.naic.org/meetings_home.htm. The headquarters hotel for the meeting is the Austin Hilton, located at 500 E 4th Street, Austin, Texas, 78701.

NAIC Announces Committee Charges

The NAIC has released a draft of committee charges for 2011. The charges for the Life Insurance and Annuities (A) Committee are excerpted below. The entire document is available on NAIC website at http://www.naic.org/documents/index_committees_committee_charges.pdf. For a complete list of committee members, go to http://www.naic.org/documents/committees_cmtelist.pdf.

The mission of the Life Insurance & Annuities (A) Committee is to consider issues relating to life insurance and annuities, review new life insurance products and establish priorities of the Life & Health Actuarial Task Force.

Ongoing Maintenance of NAIC Programs, Products or Services

1. Review model laws adopted in 2006 and not revised since that time.
2. Oversee development of the principle-based reserving system.
3. Review and revise, as necessary, the Buyer's Guides to Fixed Deferred Annuities in conjunction with Appendix A of the Annuity Disclosure Model Regulation (#245) and the Life Insurance Buyer's Guide in conjunction with Appendix A of the Life Insurance Disclosure Model Regulation (#580).
4. Oversee changes and provide technical assistance as appropriate for the production of the Market Share Reports for the Top 125 Life and Fraternal Insurance Groups and Companies by State.
5. Appoint the Annuity Disclosure (A) Working Group to review and consider changes to the Annuity Disclosure Model Regulation (#245) to improve the disclosure of information provided for annuity products, both generally and specifically, and to provide insurers uniform guidance in developing disclosure information and documents and monitoring distribution thereof in order to better inform annuity consumers about the annuity product purchased and how it works.
6. Explore the issue of stranger originated/owned annuities, how these transactions may interact with insurable interest laws and the impact of this activity on consumers with respect to any appropriate regulatory action in the form of revisions to the Viatical Settlements Model Act (#697), a new model or other appropriate regulatory response.
7. Appoint a new working group to review and consider revisions to the Viatical Settlements Model Regulation (#698) for consistency with the 2007 revisions made to the Viatical Settlements Model Act (#697), including reviewing and considering revisions to or replacement of, as appropriate, Appendix A - Informational Brochure.
8. Review the U.S. Securities and Exchange Commission (SEC) Life Settlements Task Force Staff Report and the U.S. Government Accountability Office (GAO) Report to the U.S. Senate Special Committee on Aging on Life Insurance Settlements and assess their effect on the functional state regulation of life settlements, if any, and make recommendations, as necessary, to the NAIC.

Staff Support: Jolie H. Matthews - jmatthew@naic.org; Jennifer R. Cook - jcook@naic.org.

West Virginia Implements SBS

The NAIC has announced today the State Based Systems (SBS) product implementation for West Virginia. “We believe moving our producer and company licensing functions to SBS now, followed shortly by our market regulation and consumer services processes, will yield tremendous benefits to our department as well as our licensees, companies and consumers,” said Jane L. Cline, NAIC Immediate Past President and West Virginia Insurance Commissioner. “In addition to increased functionality for internal processing, we are able to introduce a number of online, real-time tools that allow our constituents to get the information they need at any time. We are pleased to be implementing SBS in our state.”

“West Virginia is a welcome addition to the family of SBS states,” said Susan E. Voss, NAIC President and Iowa Insurance Commissioner. “As the newest state to implement, West Virginia can expect to reap the many benefits of SBS, including minimized costs and expansion of services to consumers and regulated entities.”

In addition to the West Virginia, SBS is currently the system of choice in Alabama, Delaware, the District of Columbia, Florida, Illinois, Iowa, Kansas, Maryland, Missouri, Nebraska, New Hampshire, New Jersey, North Carolina, North Dakota, Oklahoma, Oregon, Puerto Rico, Rhode Island, Tennessee, and the U.S. Virgin Islands.

Additional information regarding changes affecting West Virginia licensees and companies is available on the department’s website at <http://www.wvinsurance.gov/Default.aspx?tabid=503>. The SBS website is located at <http://www.statebasedsystems.com/>.

NCOIL Notes

2011 Spring Meeting

NCOIL will hold its 2011 Spring Meeting March 4-6, 2011, at the Hyatt Regency on Capitol Hill, Washington, DC. Go to <http://www.ncoil.org/schedule/dc11.html> for complete conference information, including online registration, conference brochure and the agenda.

NCOIL to Focus on Annuity Suitability in 2011

As part of their ongoing effort to safeguard life insurance consumers, NCOIL lawmakers will explore annuity suitability reforms in 2011 at their spring meeting. The Life Insurance Committee, acting on a new charge, will look at possible legislative and regulatory models and consider opportunities for federal funding to address allegations of unsuitable sales practices that continue to capture national attention.

During a November 2010 State Leaders Summit, held during the NCOIL Annual Meeting, state insurance and securities regulators pointed to increasingly complex retirement products as opportunities ripe for abuse. Calling on their legislative colleagues to enact change, the regulators encouraged passage of a revised National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions Model Act, as well as adoption of new NAIC and North American Securities Administrators Association (NASAA) rules on the use of misleading “senior expert” designations.

The NAIC model, which underwent major changes in 2010, makes insurers responsible for appropriate product sales by reviewing producer recommendations and increases training and education requirements for brokers and agents. NAIC/NASAA model regulations would also ban use of deceptive “senior-specific” sales titles when advising senior life insurance and annuity consumers.

Enactment of the regulatory proposals, regulators noted, is necessary for states to access up to three \$500,000 per-year grants offered through a just-created federal Consumer Financial Protection Bureau (CFPB). The funds are allocated to help states increase oversight and enforcement. Legislators at the NCOIL Spring Meeting in DC will, specifically, review emerging state reform initiatives and determine how NCOIL should proceed in the coming year.

News from the States

Kansas Considers Amendment to Block Federal Reform Law

Kansas lawmakers gave preliminary approval to a constitutional amendment aimed at blocking enactment of the federal health reform law in the state. The House of Representatives voted overwhelmingly to back the Kansas Health Freedom Amendment, above the needed two-thirds majority. In order to become law, the amendment must be approved by a supermajority in the House and Senate, then backed by voters in a statewide referendum. The Senate was about evenly split on a 2010 version of the amendment.

The amendment would ban the enactment of laws or regulations to "compel, directly or indirectly, any person, employer or health care provider to participate in any health care system or purchase health insurance," according to the text. Aimed squarely at the Affordable Care Act's individual mandate — which, if upheld by the U.S. Supreme Court, would begin in 2014 — the amendment would prohibit fines or penalties on that decision.

Similar ballot measures passed in Arizona, Missouri and Oklahoma, but failed in Colorado, in 2010. The practical effect of the state initiatives is in question, as under the Supremacy Clause in Article VI of the U.S. Constitution, federal law pre-empts state law. The Oklahoma Insurance Department is unaware of any examples of residents "asserting their rights under the amendment," spokesman Shawn Ashley said. However, he noted, new Attorney General Scott Pruitt has joined the multistate lawsuit against the federal act.

Lawsuits over the health reform law have this far resulted in a near-even split. U.S. District Court Judge Roger Vinson of the Northern District of Florida, ruling on the multistate lawsuit, recently found the entire law to be unconstitutional. In December, U.S. District Court Judge Henry E. Hudson of the Eastern District of Virginia also found the individual mandate to be unconstitutional, but left intact the remainder of the law. On Nov. 30, Judge Norman K. Moon of the U.S. District Court for the Western District of Virginia dismissed a lawsuit brought by a private Christian university that claimed the U.S. health care reform law is unconstitutional because it does not protect against the mandatory insurance payments being used to fund abortion coverage. In an earlier case, a federal judge in Michigan determined the individual mandate is constitutional, as a decision to not have health insurance has the same effect as an active decision to pay for medical care out of pocket.

Following the Florida ruling, officials in states including Florida, Wisconsin and Utah have declared the Affordable Care Act on hold or null and void in their jurisdictions. Kansas Insurance Commissioner Sandy Praeger said she is "moving forward" on implementing the act.

N.J. Commissioner Stresses Need for National Standards for Insurance Regulation

New Jersey Insurance and Banking Commissioner Thomas Considine said without uniform national standards for insurance regulations, the industry will "continue to lobby, and lobby effectively I believe, for federal regulation."

Considine said New Jersey signed on to join the Interstate Insurance Product Regulation Commission to help state insurance regulators develop national standards for asset protection insurance products, such as life insurance, annuities, disability income and long-term care insurance. The compact also provides a central point for digital filing capability.

Without standards, Considine said regulators "lose a strong argument in favor of state-based regulation." He said it's important for New Jersey to be part of the compact because with the size of its insurance market, it didn't make sense to avoid being a part of the effort to formulate those national standards. Considine discussed a number of issues facing the state, including its effort to reform its automobile insurance system. Among the changes made to the system was to do away with a program that used subsidies to balance auto insurance rates across separate rating territories.

Considine also touched on the state's decision to move civil insurance fraud enforcement out from under the purview of the state's Office of the Attorney General to the Department of Banking and Insurance this past summer.

While Considine said it is too early to tell whether there are any trends in the enforcement and investigations that have been brought, he said it has given fraud investigators a "new lease on life" to be in a department where fraud enforcement is the top priority over a place where criminal investigations take precedence. "They feel they are truly a part of the mission of the agency," Considine said.

Considine also noted the state has seen a sizable uptick in the number of new insurers entering the market and has extended new lines of business to even more. Last year, the department admitted 27 new insurers and extended new business lines to 28 carriers, marking an increase of 8% over 2009. He added that the department also recovered nearly \$20.7 million for consumers and medical providers during the same period.

"Competition is a good thing. We're a very, very market-driven administration," Considine said. "We believe the addition of new market entrants increases the likelihood that we'll have additional market entrants."

On the National Front

House Financial Services Leaders to White House: Appoint Insurance Reps Now

The nascent Financial Stability Oversight Council should refrain from taking action on insurance industry issues until the Obama administration fills two key roles allotted to industry experts, according to a bipartisan group of congressional representatives.

Seven months after passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the administration should appoint a director of the also-new Federal Insurance Office and an independent insurance expert "without further delay," House Financial Services Chairman Spencer Bachus, R-AL, and ranking Democrat Barney Frank, D-MA, wrote in a letter to Treasury Secretary Tim Geithner. Also signing the letter were Rep. Judy Biggert, R-IL, chairwoman of the Subcommittee on Insurance, Housing and Community Opportunity, and Rep. Luis Gutierrez, D-IL, the subcommittee's top Democrat.

Dodd-Frank dedicated three seats on the panel that will define and regulate systemic risk for individuals with insurance experience, but to date only a nonvoting representative of state insurance regulators - Missouri Insurance Director John Huff - has been appointed. The FIO director, when appointed, will also be nonvoting.

The other position, which will have voting privileges, is required under the act to be "an independent member appointed by the president, by and with the advice and consent of the Senate, having insurance expertise."

The insurance industry's unique nature and importance in the economy should be recognized with a full complement of appointees, the members of Congress wrote: "The legislative intent in providing for these expert perspectives was to ensure that the council has a full and thorough understanding of the insurance sector and its current regulatory regime prior to moving forward with any significant actions that could impact the business of insurance."

The FSOC is currently considering rules and criteria for assessing systemic risk. Last month, it proposed six criteria: size; lack of substitutes for the financial services and products the company provides; interconnectedness with other financial firms; leverage; liquidity risk and maturity mismatch; and existing regulatory scrutiny. It also issued initial recommendations for implementing the Volcker Rule, a provision of Dodd-Frank that blocks banking entities from engaging in proprietary trading and from maintaining certain relationships with hedge funds and private equity funds.

The American Council of Life Insurers, American Insurance Association and Reinsurance Association of America also called on the vacancies to be addressed before any actions are taken. The FSOC should also defer "further consideration of any council action as may be applied to insurers until it has proposed qualitative and quantitative standards that it may use to assess insurers, and has provided the insurance industry and the public with an opportunity to comment on such standards," the three organizations wrote in a joint letter to Geithner.

Life Insurers Oppose Return of Tax Plans for COLI, DRD

Life insurers are unhappy about proposed tax changes for their industry proposed in the administration's 2012 budget, but their concern is tempered by dim prospects for the moves in Congress.

The budget's implications for corporate-owned life insurance and companies' dividends received deductions are reminiscent of the film "Groundhog Day," said Walter Welsh, executive vice president for taxes and retirement security with the American Council of Life Insurers. The same provisions were included in administration budgets for fiscal years 2011 and 2010, but each year, Congress gave them a cold reception, he said.

The Obama administration proposes to disallow deductions for the pro-rate interest expense of COLI policies, at a five-year savings of \$979 million. "This would effectively do away with the benefit of corporate-owned life insurance," Welsh said.

The COLI shift would effectively be a new tax on business, according to a joint statement from ACLI, the Association for Advanced Life Underwriting, the National Association of Insurance and Financial Advisors, the National Association of Independent Life Brokerage Agencies and GAMA International. "Many businesses use COLI to protect against financial or job loss stemming from the death of owners or key employees. COLI is also used to ensure business continuation. In addition, COLI is a widely used funding mechanism for employee and retiree benefits," they said.

Congress last passed legislation on the use of COLIs for tax advantages in a bill signed into law in August 2006. A provision within a pension bill specifically limited the use of COLI policies to the top 35% of income earners in a company, or those earning more than \$100,000 per year - to allay concerns about "janitor's insurance," the use of COLI policies to insure the lives of employees who earn minimal wages and who are not crucial to the continuation of a business. That legislation also required companies to report information on their COLI practices to the Internal Revenue Service.

The administration's spending plan would also reduce the dividend received deduction life insurers utilize in accounts that fund variable life insurance and variable annuity contracts, at a savings of approximately \$2.4 billion over the next five years.

"With our economy still recovering from the recent crisis, public policy should encourage families and businesses to responsibly plan for their financial futures. The administration's budget proposal would have the opposite effect," according to the joint industry statement.

Congress has had little interest in changing DRD rules in recent years and that is not expected to change, Welsh said. "The formula for taxing life insurance companies was settled 25 years ago," he said.

New Estate Tax Law May Spur More Interest in Gifting

One of the surprises in the new federal estate tax law may be that the lifetime gift tax exemption was raised to \$5 million, up from \$1 million in previous years, a change that might kindle more interest among the super wealthy in gifting strategies, according to an advanced marketing attorney with Saybrus Partners.

"Individuals in position to do so and able to make significant gifts will probably do so, or at least consider doing so," said Brian Titus, the Saybrus attorney. "They will probably do it before the end of 2012 to make sure they're not caught with a lower exemption amount [after that]," he said. Saybrus Partners is a wholly owned subsidiary of the Phoenix Companies that provides solutions-based life insurance and annuity consultation services to partner companies.

The new law, adopted in December, set the estate tax exclusion for 2011 and 2012 at \$5 million per individual and the top estate tax rate at 35% for amounts in excess of the exclusion. The exclusion amount is up from \$3.5 million in 2009, while the rate is down from 45%. In 2010, there was no estate tax, although the lifetime gift tax exemption was in effect at \$1 million.

The gift tax exemption is not the annual gift tax exclusion, which remains at \$13,000 per year per person receiving the gift. To the extent a gift exceeds the exclusion amount, the person making the gift has to start using his or her lifetime gift tax exemption amount, said Titus.

Titus added that attorneys are worrying there could be a technical legal issue about the lifetime exemption if Congress allows the exemption to go back down to the \$1 million level in 2013, "but even in light of that, I expect new interest in gifting strategies," he said.

Legislation passed in 2001 slowly raised the estate tax exclusion amount from \$675,000, but the law was scheduled to sunset at the end of last year and revert to 2001 levels. The new law continues the uncertainty. It is scheduled to sunset at the end of 2012 and to revert to 2001 terms. "Presumably, the conversation will become even more intense toward the end of next year, and it will be pretty interesting to see how Congress will deal with the issue near the end of an election if they don't want the bill to revert to the old terms," said Titus.

But in the meantime, Titus advises financial professionals not to predict what Congress will do, but to find out what their clients expect about the future of estate taxes, and then to act accordingly. "It comes down to how conservatively an individual is willing to plan and is capable of planning," he said. "If there is a \$5 million or \$6 million estate, such a client won't do traditional estate planning." But if a client is worried about a return to the \$1 million level and plans accordingly by purchasing life insurance, and then the exclusion levels don't change, in most cases, the client will have just created more net worth, said Titus.

Titus expects that fewer people will be paying estate taxes the next two years and that fewer will engage in traditional estate planning. But he says that there are many financial needs for which life insurance can be part of a solution, and for people that have no concern about estate taxes, some of that planning is going to be easier. Among those needs and uses for life insurance are business succession planning and the leveraging of certain assets like individual retirement accounts and 401(k) plans to provide more to children and grandchildren.

And while estate tax rates might remain historically lower and exclusion levels historically higher, income tax rates and state death tax rates may go higher, which would make a tax-free death benefit more valuable. "So planning that income tax rates are likely to go up should be favorable for the life insurance industry," Titus said.

Industry News

Life/Annuity Insurers Regain Ground as Economy Strengthens

An A.M. Best Special Report

The life insurance industry continues to strengthen its balance sheet and liquidity and is positioning itself for future growth and improved earnings. While quantitative improvement in the industry's capital position is clear, qualitative improvement is not. Also uncertain is the ability of the life insurance industry to generate pre-crisis returns and revenue growth in the near term. Nevertheless, given the overall improvement in the financial condition of the industry and the economy, the rating outlook for the life/annuity segment is stable.

Economy – Interest rate risk lies on both sides of life insurers' balance sheets, given the high proportion of fixed-income investments and substantial exposure to interest-sensitive products. Most problematic scenarios for the life industry would be a rapid rise in rates or persistence of the current low rate environment (and perhaps even a further decline).

Investments – Industry investment results benefited in 2010 from the narrowing of credit spreads; lower levels of impairment; generally rising interest rates; strong equity market performance and modest improvement in macroeconomic fundamentals. Real estate remains an issue for insurers' balance sheets.

U.S. Life Reinsurance – During the financial crisis and continuing to the present, A.M. Best Co. has viewed the rating outlook of the life reinsurance market as stable. Should reinsurers accept increased levels of noncore business, they potentially add to their risk metrics and create further uncertainty with respect to the longer-term performance of the U.S. life reinsurance sector.

Sales and Distribution – Life sales improved in the first half of 2010, but growth in individual life insurance became more sluggish in the latter part of the year. While the insurance industry has succeeded in developing a variety of additional individual annuity distribution channels, it has realized only limited success in doing the same for individual life distribution.

Accounting & Regulatory – Recent tax decisions, potential accounting changes and regulatory reform are pressing concerns for life insurers for the near to medium term. While there has been some progress toward achieving permanence and clarity with respect to key regulatory and accounting issues, there still is room for improvement.

2010 Life Insurance Applications Show Younger Market Losing Ground

A Report from the CEO of the MIB Group

Year-end 2010 application activity for individually underwritten life insurance in the United States shows that the younger market continues to lose ground while it grows with those older than 60, said the chief executive officer of MIB Group Inc. U.S. application activity for the 44 and younger age group was down 4.4% at year-end 2010.

The younger group has been "losing ground consistently," said Lee Oliphant, president and CEO of MIB Group. Dating back to 2007, MIB has seen an up to a 5% decrease each year but there is still a need for life insurance at these ages, particularly 30 and older, he said. Lower levels of disposable income generally mean more focus on college planning, for example, as opposed to life insurance.

The majority of individually underwritten life premium dollars in North America include an MIB search as a routine underwriting requirement, so the firm says its Life Index provides a reasonable means to estimate new business. Its index is the life insurance industry's measure of application activity across the United States and Canada.

The industry has shifted towards a more simplified issue-type of policy for this age group, Oliphant said. Simplified issue is minimal underwriting requirements to try to get a policy issued more quickly, something the younger age group has gotten used to, especially in the Internet age. According to Oliphant, these are lower face amount policies, most of which are term-life policies.

The 60-and-older-age group increased 9.9%, year-over-year. The last month this age group lost ground was March of 2007. The baby boomers are just starting to retire, precipitating the "largest generational inherited wealth transfer that this country has certainly ever seen," said Oliphant.

For 2011, Oliphant predicts MIB won't see the increase it's seen over the past two years in the 60-plus age group. Also, most experts warn the new estate tax law only applies to 2011 and 2012, and there's uncertainty as to what form the new tax laws will take, he said.

Overall, U.S. application activity for individually underwritten life insurance dipped 1.2% at year-end 2010 — all ages combined — significantly less than the 3%-plus annual declines the industry saw from 2006-2008, and down 1% from December 2009's year-to-date close.

MIB Group provides Internet-based information and services to the risk management market in North America.

Calendar of Industry Events

March 4-6, 2011 NCOIL 2011 Spring Meeting	Hyatt Regency on Capitol Hill Washington, DC
March 26-29, 2011 NAIC Spring National Meeting	Hilton Austin & Austin Convention Center Austin, Texas
April 27-29, 2011 NALC 2011 Spring Conference	Longboat Key Club & Resort Longboat Key, Florida
July 14-17, 2011 NCOIL 2011 Summer Meeting	Marriott Newport Newport, Rhode Island
August 29-Sept. 1, 2011 NAIC Summer National Meeting	Marriott Philadelphia Downtown Philadelphia, PA
September 21-23, 2011 NALC 2011 Fall Conference	Hotel Park City Park City, Utah
November 3-6, 2011 NAIC Fall National Meeting	Gaylord National Hotel & Convention Center Washington, DC
November 17-20, 2011 NCOIL 2011 Annual Meeting	Eldorado Hotel & Spa Santa Fe, New Mexico
March 3-6, 2012 NAIC Spring National Meeting	Hilton New Orleans New Orleans, Louisiana
March 9-11, 2012 NCOIL 2012 Spring Meeting	Location TBD
April 18-20, 2012 NALC 2012 Spring Conference	LaCosta Resort & Spa Carlsbad, California
July 12-15, 2012 NCOIL 2012 Summer Meeting	Location TBD
August 11-14, 2012 NAIC Summer National Meeting	Atlanta Marriott Marquis Atlanta, GA
September 19-21, 2012 NALC 2012 Fall Conference	Kingsmill Resort Williamsburg, Virginia
November 15-18, 2012 NCOIL 2012 Annual Meeting	Grand Hotel Marriott Resort Point Clear, Alabama
November 29-December 2, 2012 NAIC Summer National Meeting	Gaylord National Hotel & Convention Center Washington, DC
March 8-10, 2013 NCOIL 2013 Spring Meeting	Hyatt Regency on Capitol Hill Washington, D.C.