NATIONAL COUNCIL OF INSURANCE LEGISLATORS
LIFE INSURANCE & FINANCIAL PLANNING COMMITTEE
CHARLESTON, SOUTH CAROLINA
APRIL 16, 2021
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Life Insurance & Financial Planning Committee met at the Francis Marion Hotel on Friday, April 16, 2021 at 3:45 P.M. (EST)

Representative Wendi Thomas of Pennsylvania, Vice Chair of the Committee, presided.

Other members of the Committee present were (* indicates virtual attendance via Zoom):

Asm. Ken Cooley (CA)*
Rep. Joe Fischer (KY)
Rep. Jim Gooch (KY)*
Rep. Daire Rendon (MI)
Asm. Ken Blankenbush (NY)
Asw. Pam Hunter (NY)*
Sen. Bob Hackett (OH)
Rep. Carl Anderson (SC)
Rep. Jim Dunnigan (UT)

Other legislators present were:

Sen. Mathew Pitsch (AR)
Sen. Kirk Talbot (LA)
Rep. Kevin Coleman (MI)
Sen. Paul Utke (MN)*
Sen. Paul Wieland (MO)
Asm. Kevin Cahill (NY)*

Also in attendance were:

Commissioner Tom Considine, NCOIL CEO
Will Melofchik, NCOIL General Counsel
Tess Badenhausen, Assistant Director of Administration, NCOIL Support Services, LLC

QUORUM

Upon a motion made by Rep. Daire Rendon (MI) and seconded by Asw. Pam Hunter (NY), the Committee waived the quorum requirement without objection by way of a voice vote.

MINUTES

Upon a Motion made by Asm. Ken Cooley (CA), NCOIL Vice President, and seconded by Asw. Hunter, the Committee voted without objection by way of a voice vote to approve the minutes from the Committee's December 11, 2020 meeting.

DISCUSSION ON RETIREMENT SECURITY INITIATIVES IN THE BIDEN ADMINISTRATION

Monique Morrisey, Economist at the Economic Policy Institute (EPI), stated that the EPI has been around since 1986 and we're particularly concerned with policies that effect low and moderate income households and families. Today I've been asked to talk about what the effect of COVID-19 has been on retirement and the policy response to it - both to the COVID-19 pandemic and the economic downturn and in general what the Biden administration and democratic Congress might have in store for us. The pandemic recession was very different from a typical recession. Usually, and this includes the great recession which was atypical in its severity, but not atypical in its cause, what we've seen in more recent recessions is that there was an asset bubble that burst and then there was a collapse in aggregate demand and the economy recovered only as we had fiscal and monetary policies that supported a recovery. The great recession was a big collapse and the recovery was very slow in particular for the public sector which you all probably remember not so fondly.

This was atypical because it wasn't so much that there was an unexpected collapse, it was that the economy shut down for precautionary reasons and basically a lot of leisure and hospitality and other industries were told to stay home. That affected the service sector in particular which is atypical as it wasn't the usual cyclical industries like construction and manufacturing especially durable goods manufacturing like auto – that's not what really got it, it was things like restaurants, hotels and also healthcare which was somewhat of a surprise since this was a healthcare crisis. The other things that were atypical was that women were disproportionately affected by the job declines and again because they are also overrepresented in the service sector and some other specific sectors that were impacted and also because they were probably more likely to stay out for caregiving reasons since schools shut down.

What was typical was that we always see in a recession that young workers and minority workers are disproportionately affected and this was absolutely true in this recession too but what was atypical was that we also saw there was across the board declines in jobs and that included older workers – workers over 65 but also workers in their late 50s for example who are usually relatively protected during recessions because they typically have more tenure on the job but when they lose their jobs its much harder to get their job back. This is atypical because we saw that their job losses were significant but we also saw them rebound reasonably well with the exception of the over 65s and minority older workers. Some of the most vulnerable groups are still in trouble but overall I was expecting even worse problems and maybe when the economy rebounded that older workers would be left on the sidelines but we're not seeing that as much but they were impacted more than usual. Also, as a labor economist I should say that when we look at job losses its been very difficult and there have been problems with surveys as people have not been answering surveys the way they used too and also making the distinction between being laid off, being temporarily laid off and quitting or taking yourself out of the workforce for health and safety reasons was harder to do than usual.

On the bright side, unlike the great recession, the policy response to the pandemic recession has been basically scaled to the task at hand. The great recession lingered for many years after especially in the public sector because the policy response was inadequate but this was not the case this time as we actually saw strong fiscal response both during the Trump and now the Biden administration. We think that other policies that the Biden administration is putting in place will have long term positive effects on the economy too. With the American jobs plan, people look at it and say its another multi-trillion dollar plan but its stretched out over a decade and its largely paid for so its not an obvious fiscal stimulus but we think it will support the recovery. I was recently listening to a panel with the chief economist for Moody's and he is optimistic that we are really going to see a short, sharp recession as we've already seen about two thirds of the job losses bounce back and its looking good for the future. Assuming we get the pandemic under control and assuming we don't have another unexpected wave with the variants or more people reusing to get vaccines or something like that, its looking good for the economy overall.

That said, the pandemic itself and the expected recovery has had very different impacts on different groups of people. Some people have called it a k or v shaped recovery or something like that. Basically, upper income households were largely unscathed and a lot were able to work remotely and they had their spending power in some cases very high and we are seeing that in some cases a sustained or potentially a bubble in the stock market and housing values are really high. For people who own houses or have 401ks, unlike the great recession, especially as there are more likely to be older households who have accumulated assets they are not going to see the kind of decline among older workers approaching retirement after the great recession where upper income and older households who had accumulated savings and assets were mostly affected by the decline in hosing and stock prices. This is not happening this time and we are also not seeing despite rules about tapping into 401k savings, we haven't seeing a significant increase in tapping those savings early because people who have 401k savings of any significance are not the kinds of people who are hurting during this pandemic.

That's the good news for upper and middle income people while people at the bottom half of the income distribution chain are the people who bore the brunt of the job losses and I think though that the good news is that we have seen that the recession will be short and sharp. My worst fear is that the most vulnerable people including vulnerable older workers would have trouble getting back into the economy is not being borne out as it looks like that people are being re-hired and two thirds of the job losses have been recovered and I think that's going to continue assuming no additional COVID problems.

Regarding D.C., after years of mostly incremental reforms especially as it relates to retirement that didn't get major pushback from employers or financial industry, now we are seeing that things are moving fast and that the what we call Overton window has shifted to things that even for moderates and centrists that would have been unthinkable a decade ago. It's not only because the Biden administration is moving fast on a lot of things and Congress and not only because of the pandemic breaking things open but also because people in the retirement space have made things that were once unthinkable seem necessary now.

Simultaneously, even though I think there is potential for big moves on social security and possibly mandating employer contributions to retirement plans, we are also seeing at the same time that the people who had been working on incremental fixes, notably Chairman Neal of Ways and Means is teeing up a SECURE 2.0 plan and I'm sure NCOIL has been active on the impacts of SECURE 1.0. There is potential for incremental and bolder changes on the retirement area. When I say bold, I mean anything that would require employers to do anything including potentially contributions as opposed to the incremental reforms that focused on maintaining the retirement system that we have now which is largely voluntary and tax incentivized and focused on individual accounts and maintaining consumer choice. I think that increasingly retirement folks are focused on making things simple, automatic or mandatory and di-emphasizing choice and emphasizing affordability, and fairness, keeping costs low and addressing risks. Those all wont happen this year but they are more on the agenda this year than they used to be.

There are a lot of reasons why the Overton window has shifted. First, there has been growing support for social security expansion among democrats – its not bipartisan yet - and I think that lit a fire among people who aren't interested in expanding social security but realized that the incremental reforms to 401k plans and similar plans were not going to cut it and they needed to do something more bold even if they wanted to preserve a system that relies heavily on individual accounts. Also, the states have taken the lead on things like auto IRAs and related plans and that made something like auto IRAs push Congress to do federal similar legislation. I think also there has been a heightened awareness of racial inequality and wealth gaps and also previous incremental reforms haven't had the impact that people hoped they would. Those are all reasons why we are seeing more bold plans. My evidence for this isn't recent but for example, Senators Coons and Klobuchar in 2019 introduced the Saving for the Future Act which mandated a 50 cent per hour employer contribution. They were not known for being on the fringes of policy so the fact that there was an employer contribution mandate was significant and it didn't get much pushback as you would have expected.

Also, one of the big players on this is AARP who for may years said we will not support anything that has an employer mandate and this is not an official AARP plan but an influential person at AARP co-authored with Jason Fichtner who is a Republican at the Bipartisan Policy Center and William Gale formerly of Brookings so these are very centrist people - they also had a plan that would require employers and others to contribute and this would be a modest amount basically to allow people to delay social security take up and get a higher monthly annuity. I think it's a great plan as its not huge but its great. These are some of the things that are in the background and may not happen anytime soon but this would not have happened even five years ago. I think that we should always remember and I think you are focused on is that the things that will really prevent the most vulnerable people from extreme situations in retirement are often things that have nothing directly to do with insurance or retirement but address problems that lead up to having a precarious retirement. That includes things related to disability and long term care (LTC) and in case I don't get the chance to talk about it, I know that Washington state is taking the lead on LTC as they are putting in place a plan Washington Cares that is a social insurance plan to support home care LTC services. I think that's really interesting so in addition to states taking the lead on retirement states are now starting to take the lead on LTC which I think is wonderful.

So, what do we have on the agenda. It hasn't surfaced yet but the social security subcommittee led by Chairman Larson has been actively pushing a popular measure among democrats, the Social Security 2100 act which is an expansion plan and we have got word that the democratic leadership in Congress may want to push this forward soon because its viewed as politically popular not necessarily among Republican legislators but definitely among both Republican and Democratic voters. On the employer side with employer based plans the big things that already happened is the multi employer pension crisis has been resolved so the impact it had on the rustbelt and Appalachian states that were most impacted because of the teamster and mine worker plants that were most affected this also frees up Senator Brown who has been very active on retirement to work on other things and he has also talked about wanting to have some kind of mandatory employer plan and we will see more action on that.

We have been seeing a lot of action on SECURE Act 2.0 which is the follow-up to the SECURE Act. Also, auto IRAs more generally is something that I think is going to be more short term coming up. Regarding the SS 2100 Act it was actually one of the more moderate expansion acts that the Democrats have supported. It will not appear in its current form in this Congress because the Democrats are being careful about keeping to the pledge to not raise taxes on people earning below $400,000 because also it included a gradual increase in the payroll tax and that got a lot of pushback so they are going to have to trim it down but Rep. Larson is very intent on pushing it forward and I think that House leadership is very interested in making it a priority so I think that something like this pared down that will still extend the solvency of the SS trust funds but maybe trim back some benefit improvements will be put in the works this Congress and I hope so.

Regarding SECURE 2.0, I was recently in another conference where Chair Neal's general counsel spoke about what would be in it. None of this is firm but it's a follow up to the SECURE Act and some of the interesting things that would be in it are more far reaching that what was in the original SECURE Act is it would allow employer match on student loans and would also potentially include auto enrollment requirement on employers and then there are sweeteners on employers to have matches which is something I don't support – I think relaxing that requirement minimum distribution is a solution waiting for a problem. I think its great that they are looking at the saver's credit but I don't think that there is any indication that they are going to make it refundable so I think that is going to have not as much of an impact as it ought to but otherwise that should be a priority. These things could change and I think Acts 1.0 and 2.0 are really sort of a hodgepodge of whatever they could get support for.

Also, as you know, legislative fixes aren't everything so I want to flag that social security folks are very concerned that with social security offices being closed, there has been a drop off in applications for disability and supplemental security income (SSI) and I think that's very worrisome and I want to plug states to try to help their constituents access these benefits because there is a big problem with people not being aware that they are eligible. Its not normal for there to be a big drop off in applications during a time when we know that there are major health problems happening so this is entirely due to information and access problems and until these offices open up and even after its going to be an issue. States have an incentive to get their citizens to access these benefits because its federal money so please if you can do something to advertise and encourage people to apply for these benefits that is necessary as this is not a good sign.

Also, I haven't had a chance to look at it but the Biden administration just released a draft of its revised fiduciary language and I cant speak to it but I know that the consumer advocates are happy about it so I think that's a good thing and I think you were involved in that issue. Also, President Biden had a joint Task Force with Senator Sanders after the election and there were other things on this agenda that have been raised that we might see – one is a caregiver credit which is very popular and a way to expand social security benefits and the other is to focus on how unequal tax incentives are for retirement saving and there are also issues related to peoples access to affordable banking services which I think indirectly affects people's financial security.

SIX MEGATRENDS DEFINING THE NEXT WAVE OF LIFE INSURANCE AND RETIREMENT

Martin Spit, Insurance Strategy & Transactions Leader at Ernst & Young (EY), stated that he is pleased to share EY's research of where it thinks the industry is headed. When we say that I recognize that when you ask consultants what's going to happen everything is in turmoil and everything is in disruption and everything will change overnight but I actually don't think that's the case. When you look at the life insurance industry today in the U.S. its in good health and companies are mostly very well capitalized and the total premium numbers are towards $700 billion per annum and we see that the industry continued to fulfill a key role in the savings and retirement plans of Americans. What we do see though is if you take a very long term view for instance in the late 1990s about 10% of all household assets in the U.S. was in life insurance products. Today that is less than 4% so on the really long terms scale you can say that the industry is losing some of its competitiveness against other asset classes such as retirement accounts and IRAs. So it's a shift form one to another but for many players in the industry this convergence and shift between traditional life insurance players and low asset management driven entities is of great importance.

Against that backdrop we now look at the industry we simply have broken what we think is going to happen into three things: what are the trends impacting the industry today; what do we think how that will play out in some future stories and response to trends; and in the aggregate what do we think future business models will look like. If you look at trends we see six things happening to the industry going forward. Some of the trends are a little more applicable outside the U.S. and vice versa. The first trend is financial health and wellness is a key theme and what we mean by that is increasingly consumers are treated less on a product by product basis and want to be treaded on a more holistic advice perspective. We've seen that in the technology side with things such as robo advice but we also see it in the way that companies are starting to deliver advice to clients and take a more holistic perspective to what people want and need.

The second trend is around long term value and that takes different shapes. It's definitely been a view of insurers for awhile but we see that consumers are starting to have different interests for instance in the assets that companies invest in and we see that there is both a need and drive for clarity around hoe environmental, social and governance (ESG) frameworks are measured and frankly that's an area where a lot of my clients today are struggling with because there really is no apples to apples comparison between the different frameworks. The third one that we think is of global importance as well as in the U.S. is importance of collaboration between government and regulators and trust me we didn't write this in because we knew we would be speaking with you today. We think that as a regulated industry this has always been very important but we also see that the tax environment and the encouragement that the SECURE Act has given to annuity products is very important in terms of getting these products into the right hands and giving people the right tradeoffs in making sure that they invest in products that are right for them. Personally I haven't seen much business pickup since the SECURE Act as we would have liked but we also think that the current economic environment for annuity writers is petty tough so it may take time to settle in.

Fourth, we also think that ecosystems and omnichannel engagements are going to become more important and what we mean is a blend of different products, different distribution strategies at relatively different times in consumers lives. We just heard about student loans and we see the direct research is that priorities have shifted as two decades ago student loans didn't really feature in priorities that much but today they are a key concern of people entering the workspace and we expect that companies have positioned themselves well to try to understand what are needs of consumers throughout their pre and post retirement needs and how to respond to that. Fifth, and probably the trend I'm working on most, is around capital optimization and convergence. We've seen that in the COVID crisis interest rates have both gone up and down a bit but currently the capital environment for many of the clients I serve is pretty tough and it means a lot of them are looking at better ways to structure that differently for instance through reinsurance transactions. One of the big things we have seen over the last decade is really the rise of alternative capital and pre backed capital in the life and annuity industry and that is a trend we expect to continue and many of those companies have come to great maturity and are being seen as serious parties these days maybe more so than 10 years ago when just getting started.

Lastly, we see a level of commoditization as well as customization in the industry and that's maybe a little counterintuitive to see together but what we mean is that it becomes increasingly easy for consumers to understand how are my funds invested if I chose an annuity product with a carrier and can I do that on my own and certainly we see that more sophisticated consumers are applying that as a strategy. We think the answer to that is to both recognize that's the case and with commoditization comes usually a different price point and that's something the industry should think about in terms of its long term overall capital position and customization should come out most in being at the right time in the right place to meet consumers where the demand is and that could be in a traditional retirement planning session but it could also be in a five minute window at the airport when somebody knows they want to get term life insurance and wants to get it over with. Those are models that the life insurance industry today is not really geared up to.

When we think what will happen we've actually thought about six ways the industry responding to that. For instance, we do see that things like life and wellness concierges and subscription models where you talk about insurance as a service becoming more interesting to people and we think that companies need to find a right balance in serving customers in a different way. We recognize that the industry is complex today and will be complex tomorrow so it's a little arrogant to say these are the business models we think people should comply with and live up to in the future but we tried our best to articulate six that we believe will be relevant in industry going forward.

We think that there remains room for global and regional consolidation because there has definitely been benefits of scale in the industry both in terms of operations perspective and a capital perspective. We believe that ecosystems and meeting consumers where they want to transact business will lead to a market extension and we think that there are companies that will specialize in that.   We believe there will be increased segment specialization for instance on high net worth individuals and also on individuals that would need equal protection for the remaining 10 or 20 years of a working life. We think that overlaps with solutions specialists: nimble firms innovating with advanced analytics and underwriting.   We believe that digital challengers will grow in importance quite a bit maybe three or four years ago thinking about digital and direct to consumer distribution of life and annuity products was pretty unheard of such as Ladder on the low end of the market but also we have entities like PoliyGenius that try to broker policies up to a large amount for insurance so we think thats definitely maturing and will find its place. Lastly we think a group of companies will say we are not so good at originating but are really good at managing books of business and capital that is deployed in there and will become back-book aggregators.

Rep. Kevin Coleman (MI) stated that there something mentioned about unfunded liabilities and retirement programs and it mentioned collaboration with government and regulators. Can you expand on that and talk about what you see coming down the road? Mr. Spit stated that when we walk about unfunded liabilities its mostly in the pension risk transfer market where there are company pensions that are not as strong as they should be. That's a pretty mature market in the U.S. already and in places like the UK and Netherlands and we think that will continue to increase and we'll see the solutions that used to be available only for very large corporations to make a pension risk transfer happen in a meaningful way are now becoming more available to the lower end of the market – its not exactly low and mid-size entities yet but the industry is definitely growing and its actually quite attractive for a number of capital players in the market given the long term benefits and assets that come under management with it.

CONSIDERATION OF RESOLUTION IN SUPPORT OF THE LIVING DONOR PROTECTION ACT (LDPA) (S.377/H.R. 1255)

Rep. Thomas stated that she is very proud to sponsor the Resolution along with Assemblywoman Carlton (NV), Chair of the Committee, as it deals with a very important topic. The Resolution is very straightforward and supports a piece of federal legislation that has bipartisan support and is supported by the American Council of Life Insurers (ACLI) and consumer advocacy organizations such as the American Kidney Fund (AKF) – both organizations are here today to speak in support of the Resolution. I don't want to take too much time away from the speakers we have here today, but the Resolution essentially protects living organ donors and promotes organ donation by making it unlawful to decline or limit coverage of a person under any life insurance policy, disability insurance policy, or long-term care insurance policy, solely due to the status of such person as a living organ donor.

This is a bit personal for me as I have two legislators that I serve with that have been involved in this. One is Representative Tarah Toohil who actually donated a kidney to her mother and I didn't know this when I agreed to sponsor this but just last week we had another PA Representative who received a kidney and is recovering and doing well. So this is particularly important to those of us in the PA House. I support this Resolution and urge adoption as it strikes the right balance between the needs of living organ donors to protect their families' financial futures and the need for life insurers to underwrite fairly. I also think it's important to note that while NCOIL will always remain cautious regarding federal involvement in the proven state-based system of insurance regulation, such involvement is sometimes warranted and until federal legislation such as the "Living Donor Protection Act" is enacted that would give baseline protections to organ donors nationwide, states are operating under a patchwork of living organ donor protection laws.

Deborah Darcy, Director of Government Relations at the AKF stated that she is also an NAIC consumer representative and is here to support the Resolution and am hopeful that with NCOIL's support we'll get the bill over the finish line and get it enacted. As you know, the LDPA will help people obtain the transplants they need. The bill is great for patients and living donors and really good for society. As a patient advocacy organization the AKF works on behalf of the 37 million Americans living with kidney disease and the millions more at risk. We support people wherever they are in their fight against kidney disease for prevention through transplant. One out of every six kidney failure patients cannot afford the cost of care and AKF is there for them providing treatment and financial assistance and last year we assisted 74,000 kidney patients with their health insurance and in fact one in every 14 transplant recipients in 2020 were able to get their transplant because we helped them with their health insurance. We are one of the nation's highest rated nonprofits and we invest 97 cents of every donated dollar into our programs and we hold the highest 4 star rating from Charity Navigator and the platinum sealed transparency rating from GuideStar.

The AKF has ben working on the LDPA on both the federal and state level to ensure that people who donate a kidney will have access to affordable life, LTC and disability insurance. We believe that it will increase the number of living donations because it will provide assurance to people who have concerns about the availability of these types of insurance. In order to provide more dialysis patients with transplants we need more living donors. The AKF appreciates your time and effort in creating the Resolution and we believe with your support the LDPA will help enactment of the legislation and ultimately will improve people's lives. From the patient perspective the statistics are clear and they are laid out in the Resolution. There are about 108,000 people on the transplant waiting list. 82% of those are in need of a kidney. Every nine minutes another person is added to the transplant list. Seventeen people die each day waiting for an organ. Only one in five people on the wait list will receive their organ.

On an individual level, the reality is even harder. The physical and emotional cost is high for those waiting for a kidney transplant. Patients with kidney failure must be on dialysis for three days a week for four hours per treatment or be on dialysis overnight on most days a week and they must do this until they get a transplant. 80% of dialysis patients are too sick to work. A kidney transplant would give them their health back and provide opportunities to be in the workforce. In order to increase the number of transplants performed we need to increase the number of kidneys available. Living donors can help fill that gap. Giving the gift of an organ is the ultimate altruistic act. It takes an incredibly special selfless person to donate an organ.

Organ donors are the healthiest people. If they are not healthy they will not be accepted as an organ donor. If someone makes that decision to offer an organ so another can live more fully and freely they should be protected. Unfortunately, living donors can face some difficulty with life insurance. A patient on dialysis told me that a friend was willing to donate his kidney but then he heard rumors that the might not be able to get life insurance. He had children and needed life insurance and rescinded his offer.

We also know from two studies that some living donors have faced these difficulties. A 2014 Journal of American Society of Transplantation article reported on a survey of 186 living donors. 25% of respondents faced some kind of difficulty in getting life insurance. A 2000 study created a secret shopper who had the exact same profile except one was a living donor and one was not. He applied for life insurance at 10 companies using both profiles and he had difficulty getting life insurance at one company when he used the profile of living donor. Studies have shown that living donors are just as healthy and live just as long as non donors so the living donor should not have faced any issues. The prohibition on discrimination will ensure that people who make this decision to donate an organ will be protected.

Another aspect of the bill is that it will codify a 2018 Department of Labor (DOL) opinion letter which stated that living donors are covered under the Family and Medical Leave Act (FMLA). Prior to the opinion letter, an advocate of ours who needed to take time off work to donate her kidney to her husband had been told by HR in her office to fill out the paperwork saying that she needed time off to care for her husband who was receiving a kidney transplant. At that point, she could take time off work to cart for her husband but they didn't know if she could take time off for herself for donating the organ. Now that the opinion letter has been issued living donors know that there eligible for the FMLA and know they will have a job when they come back. Recovery times are usually out of the hospital in a couple of days so two weeks is usually fine Some people need a little bit more time. We believe the opinion letter can also be rescinded so we would really like for it to have the force of law behind it.

Finally, the bill is really good for society. In addition to dialysis being really hard on the individual waiting for a transplant, the cost of the healthcare system is very high. Again, as correctly stated in the Resolution, Medicare spends about $89,000 per dialysis patient per year. Compare that to after transplant Medicare would spend about $35,000 on that same patient per year. Hence the bill would result in better outcomes for patients and lower healthcare spending. So, once again I want to thank you so much and we are in full support of this and we look forward to continue working with you on kidney issues in the future.

Karen Melchert, Regional VP of State Relations at ACLI thanked the Committee for the opportunity to speak in support of the Resolution. The ACLI and its 280 member companies are dedicated to protecting consumers' financial well being through life insurance, annuities, retirement plans, LTC insurance, disability income insurance, reinsurance, dental vision and other supplemental products. The LDPA, a bipartisan initiative in Congress, ensures living organ donors will not be denied life or disability income insurance solely on the basis on their decision to help someone in need of a vital organ. The bill strikes the right balance between the needs of living organ donors to protect their families financial futures and the need for life insurers to underwrite accurately and fairly. People need to be able to make a life changing decision without it negatively impacting their life insurance choices. We are honored to stand with the AKF in support of organ donation and the immeasurable value it provides to humankind and we greatly appreciate NCOIL for bringing this Resolution forward and we urge its adoption.

Rep. Daire Rendon (MI) thanked the sponsors for the Resolution and stated that she has a brother who received a kidney from her sister 31 years ago and he has been retired for years and her sister is now retired in Arizona and he is now waiting for his second kidney. This is a big deal and she understands the importance of it.

Rep. Jim Dunnigan (UT) asked Ms. Melchert if there has been any analysis as to whether this increases the mortality risk for insuring a donor. Ms. Melchert stated that she is not sure if that analysis had been done but the ACLI has worked on this Resolution and the bill in Congress with AKF and there is obviously some impact to a person's vitality but I think we came to the conclusion that it's is not as significant as perhaps we thought it might be so its something that we would consider but wouldn't be the sole basis for denying coverage or raising rates. Ms. Darcy stated that she can forward the study that shows the same longevity.

Rep. Dunnigan stated that he thinks its wonderful that people are donors. But in Ms. Darcy's presentation she was commingling different pots of money as you are saying its going to save money in the healthcare system and be productive but its going to maybe cost someone over here. The ones that have the increase in cost aren't going to get the savings. Rep. Dunnigan asked Ms. Darcy if she understood that. Ms. Darcy stated that is why she talked about the healthcare system as a whole and didn't really say Medicare but in terms of dialysis patients, once somebody has their transplant they save money on Medicare. Rep. Dunnigan stated that's wonderful but saving money in Medicare doesn't do anything for those additional costs in the commercial market but this is certainly better for the donor and he supports that. Ms. Darcy stated that the number of living donors is a small group and she can forward that study that was done by a researcher in Baltimore or Maryland.

Upon a Motion made by Rep. Rendon and seconded by Asw. Pam Hunter (NY), the Committee voted without objection by way of a voice vote to adopt the Resolution.

RE-ADOPTION OF MODEL LAWS

Rep. Thomas stated that per NCOIL bylaws, all NCOIL Model laws must be considered for re-adoption every five years or else they sunset. The three Model laws scheduled for re-adoption are the Beneficiaries' Bill of Rights (regarding retained asset accounts), the Life Insurance Consumer Disclosure Model Act, and the Long Term Care Tax Credit Model Act.

Rep. Thomas asked if there were any questions or comments on the Models scheduled for re-adoption. Hearing none, upon a Motion made by Rep. Carl Anderson (SC) and seconded by Asw. Hunter, the Committee voted without objection by way of a voice vote to re-adopt the Models.

ADJOURNMENT

Hearing no further business, the Committee adjourned at 5:00 p.m.