

In The Matter Of:
Department of Insurance v.
SENATE RESOLUTION 19

Public Information Session
November 22, 2016

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1 COMMISSIONER STEWART-WELDIN:

2 Well, good morning, everyone.

3 AUDIENCE MEMBERS: Good morning.

4 COMMISSIONER STEWART-WELDIN: We
5 want to thank you for coming to this
6 information session on Senate Resolution 19
7 that was passed by the Delaware Senate
8 July 1st of this year. This morning, we're
9 taking comment.

10 I want to turn it over to Hardy
11 Drane, Deputy Commissioner. He will start the
12 meeting. Thank you.

13 MR. DRANE: Thanks very much.
14 Good morning, everybody.

15 AUDIENCE MEMBERS: Good morning.

16 MR. DRANE: On behalf of the
17 Commissioner, I would like to welcome
18 everybody to our public information session
19 this morning. My name is Hardy Drane, and I'm
20 the Deputy Insurance Commissioner.

21 The purpose of our public
22 information session today is to gather
23 information consistent with Senate Resolution
24 19 which requested the Department of Insurance



1 to examine the secondary market for life
2 insurance and to make recommendations to the
3 149th General Assembly by December 31st of
4 this year. A copy of Senate Resolution 19 was
5 included with the public notice of this
6 information session, and copies are also
7 available, I believe, on the table in the back
8 of the room and also on the Department's
9 website, www.delawareinsurance.gov.

10 The public notice and the
11 meeting agenda were distributed to interested
12 parties and posted on the State of Delaware
13 Calendar and the Department website.

14 Present today at the hearing,
15 I'll just introduce a few people I know.
16 Senator McDowell is here. Commissioner-elect
17 Navarro, I believe, is here in the back.
18 Former Senator Cook. When I introduce people
19 it's always bad if I miss somebody. I hope I
20 haven't missed anyone. Welcome everybody to
21 the public information session today.

22 From the Department today, we
23 have Paul Reynolds, who is our Chief of Staff,
24 Kitty Makowski, who is our Deputy Attorney



1 General; Jerry Grant, who is our Public
2 Information Officer. Also here is Anthony
3 Flynn, Esquire, who is going to assist us in
4 gathering together the information that is
5 provided at the hearing and other relevant
6 information and help us in drafting the
7 report, which ultimately will come from the
8 Commissioner.

9 In connection with this public
10 information session, written and oral comments
11 are being solicited from any person. This
12 public information session is being
13 transcribed by a court reporter, and the
14 transcript will be posted on the Department's
15 website.

16 All written comments submitted
17 will also be submitted on the Department's
18 website.

19 At the request of several
20 interested parties, we're extending the
21 deadline a little bit for the submission of
22 written comments. So that rather than having
23 the deadline today at the hearing, we're going
24 to extend it till Monday at 4:00 p.m. So if



1 people have additional written comments, they
2 can submit them up until Monday at 4:00 p.m.
3 And the place to submit them will remain the
4 same, which is by e-mail, to Rhonda West, our
5 regulatory specialist. So it's
6 rhonda.west@state.de.us. And all that
7 information is on the website under our
8 "Public Hearing" tab, and there's some
9 information on this hearing. And the
10 information will expand as we get more
11 comments.

12 As noted in the published
13 agenda, the Insurance Department is
14 encouraging commenters to address the
15 following issues in particular: whether
16 legislation is advisable or inadvisable to
17 address the issues discussed in SR 19 and why;
18 what form any recommended legislation should
19 take; the experience of Delaware and other
20 states related to regulation of life
21 settlements; and how best to protect the
22 interest of insurance consumers.

23 If anyone would like to speak
24 today, we ask that you include your name on



1 the list of speakers that's available on the
2 sign-in table. And I notice that a number of
3 people have already signed up and indicated
4 they would like to speak. So if you haven't
5 done so, please feel free to do so now.

6 We'd also ask that if you are
7 speaking on your own behalf, you can say so or
8 if you are speaking in any type of
9 representative capacity, please identify on
10 whose behalf you're speaking.

11 So with that introduction, I'd
12 like to invite public comments. I'll just get
13 the list, unless -- I don't know, Senator
14 McDowell, if you plan to speak or if you have
15 a tight schedule, you can go first.

16 SENATOR McDOWELL: I will
17 reserve any comment.

18 MR. DRANE: Okay. Good.

19 The first name on the list is
20 Jeremy Kudon.

21 MR. KUDON: Yes.

22 MR. DRANE: Did I pronounce your
23 name correctly?

24 MR. KUDON: Close enough.



1 MR. DRANE: Okay.

2 MR. KUDON: Where would you like
3 me to be?

4 MR. DRANE: Wherever you want to
5 speak from. I guess here is good. Everybody
6 will probably be able to hear you better.

7 MR. KUDON: Thank you so much.

8 Good morning. Commissioner
9 Stewart, Commissioner-elect Navarro, and
10 Deputy Commissioner Drane. I want to thank
11 you for the opportunity to speak today about
12 Senate Resolution 19.

13 My name is Jeremy Kudon, and I'm
14 a partner in the Public Policy Group at the
15 law firm of Orrick, Herrington & Sutcliffe.
16 I'm here today on behalf of my client,
17 Fortress Investment Group, which is a member
18 of the Institutional Longevity Market
19 Association. And as many of you know, we've
20 spent the past five years urging state
21 legislatures here in Dover and elsewhere to
22 pass laws that will provide some much needed
23 certainty to the secondary life insurance
24 market.



1 Now, it hasn't been easy. The
2 life insurance entry has a lot of lobbyists,
3 many of whom are today. And state
4 legislatures have a low the of issues on their
5 collective plates. But in light of recent
6 events, I believe that restoring certainty to
7 the secondary life insurance market or, as
8 it's more commonly known, the life settlement
9 market, is more important than ever, not just
10 because it's good for my client or other
11 innocent investors, but because there's a
12 problem that originated in the life settlement
13 market, cost of insurance rate increases that
14 has spread like a virus to the overall life
15 insurance markets, and that virus has had
16 devastating consequences for thousands of
17 ordinary policyholders.

18 Now I suspect that many of you
19 expect or assume that I'm going to spend the
20 next 8 minutes and 42 seconds banging my fist
21 against this table and telling you all about
22 the terrible act of a particular life
23 insurance company, but that's not going to
24 help us today and I'm not going to focus on



1 any particular insurer. Instead, I want to
2 talk about what the Department and the
3 legislature can do to protect this market, to
4 protect consumers.

5 So let's talk about the life
6 settlement market. And it's always begged the
7 question, because I've seen hearings about
8 this subject before, whether this is a market
9 that's even worth protecting. And to answer
10 that question we have to, I'm afraid, go back
11 a hundred years to a United States Supreme
12 Court case which recognized that life
13 insurance is property that can be sold,
14 assigned or transferred to others for a price.
15 The problem was that until recently, there was
16 no one to sell this property to. If you
17 didn't want or couldn't afford your life
18 insurance policy, you had two options: stop
19 paying the escalating premiums and let the
20 policy lapse; or sell it back to the insurer
21 for pennies on the dollar the surrender value.

22 I want to pause in this moment
23 because it's important. Eight out of every
24 ten insurance policies expire before a claim



1 is due on a policy. It's a tremendous
2 business model. You collect premiums if
3 you're an insurer, and you eight times out of
4 ten times don't have to pay a death benefit
5 because the policy will just lapse.

6 About 20 years ago, however, a
7 secondary market developed for these policies,
8 a market that was actually promoted by life
9 insurers because you could sell more life
10 insurance. Many of you know, you get calls,
11 hey, buy life insurance, it's a great
12 financial instrument, and within a few years a
13 senior could sell their unwanted or unused
14 policy for nearly ten times more than what
15 they could get from their insurer. I know
16 we've used this example before, but it's
17 always helpful to point it out.

18 The Wharton Business School did
19 a study a few years back and found that a
20 consumer with a two-million-dollar whole life
21 insurance policy would be paid about \$68,000
22 when they surrendered that policy to the life
23 insurer, but they were to receive \$378,000
24 when they sold that policy on the secondary



1 market. That's real money for real people.

2 That's all good; right? That's a good thing.

3 But here's the rub. That great
4 business model that we talked about, you know,
5 the one where eight out of every ten policies
6 that a life insurer sold expired before a
7 claim was due, well, as more policies are sold
8 on the secondary market, your policies expire
9 or lapse. That great business model becomes
10 less great.

11 Now, most life insurers have
12 accepted this and continue to live up to their
13 end of the bargain, regardless of whether the
14 policy is held by the original insured or a
15 purchaser on the secondary or tertiary life
16 insurance market.

17 The tertiary market is, simply,
18 when someone buys a policy from the insured
19 and then sells it to someone else, who then
20 sells it to someone else, who then sells it to
21 someone else. Just like a market.

22 Over the years, a few bad apples
23 have looked for ways to disrupt this market,
24 this secondary market, and it wasn't until



1 2010 -- and they did things like they would
2 refuse to pay death benefits on policies and
3 wouldn't return premiums. We've talked about
4 that ad nauseam. But it wasn't until 2010
5 that they actually came upon a strategy that
6 is almost -- struck gold for them.

7 In April of that year, a certain
8 insurer notified a select group of
9 policyholders that it would be raising the
10 cost of insurance rates on their policies --
11 in some cases, by 60 to 100 percent. That
12 meant that premiums went up by a huge amount
13 for these insureds. Just to be clear, this
14 was the life insurance equivalent of the Cubs
15 winning the World Series. Life insurers
16 almost never increased the cost of insurance
17 rates on their in force policies. In fact,
18 the company that did this, it was the first
19 time they had ever raised their cost of
20 insurance rates in 150 years.

21 So here's the thing. In the
22 beginning, these increases were limited to
23 policies that had been sold on the secondary
24 life insurance market. And that's bad enough.



1 Investors like my client, they like certainty
2 when they invest. When they buy policies,
3 they want to make sure that, well, policies
4 are going to pay out. I think it's fair to
5 say that few things are less certain than
6 finding out that the premiums that you thought
7 would be one price would be increasing by 60
8 to 100 percent due to an event that, well,
9 never, ever happened.

10 Over the past two years, things
11 have gone from bad to much, much worse. Most
12 states, including this one, Delaware, prohibit
13 life insurers from discriminating against
14 classes of policyholders. In other words, you
15 can't really target one group of policyholders
16 against another. So if some of the policies
17 in a class were sold to someone else in the
18 secondary market, you can't increase the rates
19 on that class, on that group of policies, and
20 not also increase the rate on other policies
21 held by average citizens, average people. The
22 safer move is to subject all of your
23 policyholders to the same cost of insurance
24 rate increase, which is exactly what insurers



1 have done.

2 What was once a Fortress or
3 Wilmington Trust problem is now a problem for
4 everyday people, people who are depending on
5 their life insurance to protect their children
6 in the event of an unthinkable event. But
7 don't just take my word for it. Ask the New
8 York Times or the Wall Street Journal, both of
9 whom have written articles about this very
10 problem over the past few months, or the New
11 York Department of Financial Services. On
12 Thursday, this past Thursday, the department
13 issued a set of proposed regulations that
14 insurers must satisfy before they can increase
15 the cost of insurance rates for in force life
16 insurance policies.

17 I urge the Department to follow
18 New York's example and set clear guidelines,
19 either through their own regulations or
20 legislation, on when carriers can increase the
21 COI rate, the cost of insurance rate, on their
22 policies and how that decision is related to
23 their policies.

24 Right or wrong, there is



1 currently no framework that requires insurers
2 to be accountable and responsive to their
3 insureds when COI rates are increased. The
4 solution is simple, a recommendation for
5 legislation that would include just four
6 points:

7 Adequate notice. Carriers
8 should be required to give ample notice to
9 consumers when COI rates are increased;

10 Transparency. Carriers must be
11 required to communicate the actual factual
12 basis for their cost of insurance rate
13 increases;

14 Regulatory oversight.
15 Regulators should be given the authority to
16 review proposed cost of insurance rate
17 increases in advance to ensure that they are
18 justified and factually supported;

19 And remedies. Policyholders
20 must be given clear remedial measure, short of
21 filing an expensive lawsuit, that will allow
22 for some review of credibility and
23 justification of the proposed cost of
24 insurance rate increase.



1 I thank you, and I'm prepared to
2 answer any questions that you may have or
3 others may.

4 MR. DRANE: I don't think I have
5 any questions.

6 Anybody in the audience have any
7 questions?

8 Maybe they'll come out in the
9 course of statements.

10 MR. KUDON: Thank you so much.

11 MR. DRANE: Okay. Thank you
12 very much.

13 The next person who indicated
14 they wanted to speak on the list is Leah
15 Walters.

16 MS. WALTERS: Thank you. Good
17 morning. Leah Walters from the American
18 Council of Life Insurers. We are a national
19 trade organization representing over 438 life
20 insurance companies licensed here in Delaware
21 to do business, of which 27 have chosen
22 Delaware as their domestic state.

23 I won't rehash, as the previous
24 speaker, I won't rehash what's been going on



1 with Senate Bill 71 over the past six years.
2 The industry has actually fought this. And we
3 agree, it's one company, one large
4 sophisticated company against another one, and
5 that should play out in court, not in the
6 legislature. And we don't want a piece of
7 legislation on the books that impacts
8 everyone.

9 Return of premium has been an
10 issue for the past five years not only in
11 Delaware, but in some other states. Return of
12 premium legislation has not passed in any of
13 those states, and we urge that it not pass
14 here in Delaware.

15 Florida has done a study similar
16 to what you all are going through today. I
17 know everyone has the Florida study. But I
18 just want to read some quotes from that
19 Florida study.

20 It says, "Based on the materials
21 submitted and testimony provided, there
22 appears to be adequate protection for
23 purchasers of life insurance policies in the
24 secondary life insurance market to ensure that



1 the market continues to exist. There is
2 significant concern that enacting these
3 legislative changes may have the unintended
4 consequences of encouraging STOLI and fraud."

5 And those are our worries, too.
6 We, too, are worried about the senior market.
7 We sell to the senior market every day. We
8 have tons of policyholders.

9 I would object to the
10 conversation on the lapses. Policies lapse
11 for many different reasons, and in those
12 numbers could be term policies. I have a term
13 policy. When I leave that job and I go to
14 another job, that policy will lapse. So
15 there's a whole different conversation,
16 really, I think that needs to go around about
17 what is a lapse and who is included in those
18 numbers. Because I think we would disagree.
19 It's not really eight out of ten if you are
20 talking a true lapse versus someone who just
21 doesn't want to make their payment anymore.

22 People buy policies today that
23 they won't need 30 years from now, and we have
24 no problem with policyholders selling their



1 policy in the life settlement market which
2 eventually works its way into the secondary
3 market.

4 What we do have concerns with,
5 and why we're all here today is fraud. Eight,
6 ten years ago there was a big push on fraud.
7 Lots going on in the market. A number of
8 states have made some corrective actions.
9 Companies have made corrective actions, and I
10 think brokers have made corrective actions and
11 so we don't see that STOLI fraud anymore.

12 And so what we're concerned
13 about is putting something on the books that
14 could have not only impact to our
15 policyholders and our companies today, but in
16 the future. We don't want Delaware to become
17 a dumping ground for fraudulent policies that
18 work their way -- that are sold and purchased
19 and occur in other states that eventually make
20 their way to a Delaware Trust. We don't want
21 Delaware to be known for that. So that's why
22 we, we look at all these bills. We're
23 interested in them.

24 And we're happy to talk about



1 cost of insurance increases. Those are
2 occurring across the country based on policies
3 that were sold many years ago. They are
4 sophisticated policies. They're policies that
5 were filed and approved with insurance
6 departments. And if they need another look,
7 we're happy to engage in those conversations,
8 but we're here today just to make sure that we
9 are at the table and that we don't put
10 anything on the books in Delaware that's going
11 to eventually come back to harm Delaware
12 seniors. And that's it for us.

13 MR. DRANE: I have one question.
14 And I probably should have posed it to
15 Mr. Kudon, too, and he can come back if he has
16 a response. But you had brought up the
17 subject of Florida and the study that they
18 did. And we have looked at that.

19 One difference that struck me
20 about Florida is they have adopted the NAIC
21 Model Act on viatical settlements, which
22 Delaware has adopted a shorter version of that
23 back in the '90s really to protect people with
24 life-threatening illnesses, but the



1 protections, unlike the more recent version
2 that's been adopted in Florida, does not
3 protect consumers who choose to or are
4 considering selling their policies who are not
5 suffering a life-threatening illness.

6 So I guess the question would
7 be: Do you have any position on whether
8 Delaware should -- and I know there's been a
9 lot of discussion in the General Assembly and
10 elsewhere about that bill, and I think we got
11 very close with a couple of -- there were a
12 couple of discussions about a three-year,
13 five-year period. But apart from that, do you
14 have any position on whether Delaware should
15 consider adopting that piece of legislation,
16 which is basically, as I understand it, a
17 consumer protection.

18 MS. WALTERS: Absolutely. We
19 would support that a hundred percent. We
20 think Delaware should adopt the NAIC model or
21 the NCOIL model. Either one is fine as long
22 as they are pure and they're not, you know,
23 tinkered with. You know, some provision taken
24 out, some put in. Yes, we think it's an



1 absolute great consumer protection piece of
2 legislation that we would support.

3 MR. DRANE: Thank you.

4 MS. WALTERS: You're welcome.

5 MR. DRANE: Mr. Kudon, I don't
6 know if you want to come back and say anything
7 more about that, or --

8 MR. KUDON: I would say that we
9 would support it, but we would want to have
10 something that addresses cost of insurance
11 rate increases, which I think in the three
12 years since that report was issued and studied
13 has become a much bigger problem for everyday
14 consumers beyond just the life settlement
15 market.

16 MR. DRANE: Thank you.

17 The next person on the list who
18 indicated they wanted to speak is Taylor
19 Cosby.

20 MR. COSBY: Good morning. I'm
21 Taylor Cosby, and I represent USAA. For those
22 of you that don't know who USAA is, it's a
23 company that was started by the military to
24 serve the military and has grown fairly large.



1 It's a pretty good size company right now. It
2 only sells to the military, both officer corps
3 and the enlisted now, and we are very, very
4 protective of our insurers. We value them
5 very, very highly and we do everything we can
6 to protect them, which is why we have been
7 opposed to this bill for the last five years
8 that's gone through.

9 Again, our protection concerns
10 are our senior citizens who may be involved in
11 a life purchase or sale that's got fraud
12 induced in it that will adversely affect them.
13 It's our major, major concern.

14 We suggest that the NAIC model
15 be adopted. In fact, over the course of the
16 past five years, we have all, when we
17 testified in regard to this bill, testified in
18 favor of enacting that particular NAIC model
19 as the solution to what the problem is.

20 We, USAA, on behalf of our
21 insurers listen to their complaints if in fact
22 they have them. To date, I can say that our
23 insurers have not complained to us over any
24 problem involving this. None of our Delaware



1 recipients and policyholders have said that
2 there's a problem in Delaware, can you help us
3 out. Because we will do anything and
4 everything we can to help our insurers.

5 I know there have been no
6 complaints in USAA about issues involving
7 inability to sell these policies or to market
8 them however they wanted to. And I don't
9 believe that there is a large body of
10 complaints, if any, to the Insurance
11 Department on the same issue. I know I speak
12 entirely for the USAA family that we have not
13 received those.

14 So we think that the solution to
15 this is the NAIC model, as you have proposed.
16 In fact, we have supported it and asked that
17 it be enacted instead of all that we've had to
18 deal with in the past five years. Thank you
19 very much.

20 MR. DRANE: Thank you.

21 Rebecca Kidner.

22 MS. KIDNER: Good morning, and
23 thank you for letting us make a few comments.

24 My name is Rebecca Kidner. I'm



1 here today on behalf of AIG and Genworth
2 Financial. Really the point that I wanted to
3 make, both of my companies are members of the
4 trade association that Leah Walters
5 represents, and we agree with what she has
6 said today.

7 You brought up the model act,
8 the model life settlement acts that are out
9 there. In fact, Florida has adopted one. And
10 the vast majority of states have adopted some
11 type of model comprehensive life settlement
12 act. We would support that.

13 There are two different model
14 acts. There is the NCOIL life settlement
15 model act, and there is the NAIC viatical
16 settlements model act. We have discussed
17 those in the legislature previously. My
18 companies -- and I believe there is widespread
19 support in the industry for adopting either of
20 those models in their pure form.

21 And as you said, Delaware has a
22 limited viatical settlement law that really
23 only addresses particular situations where you
24 have a life-threatening injury or life-



1 threatening illness and you wish to sell your
2 policy. And so we do indicate -- or we do
3 agree that it would be appropriate as the
4 Department looks at the secondary market for
5 insurance as a whole to recommend that the
6 legislature look at one of those two models.
7 So thank you.

8 MR. DRANE: Thank you very much.
9 The last person on the list indicated he would
10 like to speak is Laird Stabler.

11 MR. STABLER: Thank you, Deputy
12 Commissioner, Commissioner, Commissioner-
13 elect, elected officials. I'm here on behalf
14 of State Farm Insurance, and I will be brief.

15 I was not prepared today to talk
16 about testimony that the proponents of this
17 resolution have tendered, and that being the
18 number of life insurance policies that lapse.
19 And it just occurred to me in my personal
20 situation, I have a life insurance policy, and
21 it may well, depending on circumstances, it
22 may well lapse. I may just decide I don't
23 need it anymore because of my personal
24 circumstances. But there is a value that I



1 have in paying those premiums, and that's
2 peace of mind for my family. So it's not like
3 the consumer is not getting a bang for their
4 buck. They're buying something for peace of
5 mind. When their economic circumstances
6 change, they may well decide I just don't need
7 that anymore. I just wanted to throw that
8 out.

9 But having listened to the
10 testimony today with regard to Senate
11 Resolution 19, it seems to me that we've got a
12 classic situation of a solution in search of a
13 problem. We've had no testimony today with
14 regard to Delaware insurers having any problem
15 selling their life insurance in the secondary
16 market. In fact, it's my understanding that
17 we have a viable secondary market here in
18 Delaware.

19 We will be attempting between
20 Monday now and Monday to supplement the record
21 to get that information to the Department, but
22 it's our understanding that there are nine
23 companies and nine brokers in Delaware that
24 provide those services.



1 As has been said, this is a
2 fight between two big dogs. It's not a little
3 dog versus a big dog, it's not something that
4 the General Assembly needs to get involved in.
5 These folks have had three legislative
6 sessions to try to get this legislation
7 passed. That's what this is all about. Let's
8 face it. They have failed, and now they're
9 trying another kind of end-run to keep this
10 issue alive.

11 Frankly, we don't feel that
12 there is a need for legislation. If you do go
13 with legislation, the NCOIL model or the NAIC
14 model are fine.

15 One last comment. The comments
16 with regard to the increase of life insurance
17 premiums after a policy is in place, that's
18 something that may well be worthy of
19 consideration, but I would suggest to you that
20 that's outside the scope of what has been
21 requested in Senate Resolution 19 and should
22 not be considered by the Department at this
23 time. Thank you.

24 MR. DRANE: Everybody who had



1 indicated they would like to speak has now
2 spoken, but if there is anybody else who would
3 like to speak, we'd certainly welcome any
4 additional comments if there is anybody who
5 would like to speak.

6 In addition, just to repeat what
7 I said earlier, we will continue to receive
8 written comments until next Monday at
9 4:00 p.m. As I mentioned, they should be sent
10 to Rhonda West at her e-mail address, which is
11 rhonda.west@state.de.us. And as I mentioned,
12 that address is on the Insurance Department's
13 website. You go down, look at "Public
14 Hearings," click on that, and you'll see the
15 information that relates to this hearing.

16 We have received one comment so
17 far from Senator Bushweller, who I gather was
18 unable to attend today, and I think he copied
19 some of his legislative colleagues on his
20 letter. We'll be posting that on the web
21 today along with any written comments. And
22 once the court reporter completes the
23 transcript, we'll put that on the website as
24 well.



1 So unless there is anybody else
2 who wants to speak -- Leah?

3 MS. WALTERS: Are the results of
4 the survey going to be shared? I know you all
5 did a survey, did you not?

6 MR. DRANE: We did do a survey.
7 We asked -- we sent an interrogatory to
8 Delaware life insurance companies to tell
9 us -- and Frank Pyle is here who knows more
10 than I do, but I think the basic information
11 that we solicited was the number of policies
12 that they had outstanding in Delaware, the
13 value of those policies in Delaware, and
14 whatever knowledge they had about the number
15 of policies that had been viaticated and,
16 again, the value of those policies.

17 We do have that information. It
18 was a little bit spec -- some of the numbers
19 were speculative, and so I guess we had some
20 hesitation in putting it out there. But I
21 guess the bottom line was that there is a
22 very, very small percentage, both on number of
23 policies and face value of life insurance
24 policies in Delaware, that have been



1 viaticated.

2 Senator McDowell?

3 SENATOR McDOWELL: If I might
4 just add a couple comments? Do I need to come
5 up?

6 MR. DRANE: Wherever you want to
7 speak is fine.

8 SENATOR McDOWELL: It just
9 occurred to me a couple things here. I think
10 I heard all of the speakers address today that
11 we need something in our law that is not now
12 there. Either -- and I think most of them
13 either the NCOIL model or the other one. And
14 so I think that's clear that there is some
15 need here. But what was not clearly
16 addressed, except by the first speaker, is the
17 effect on cost of insurance. And I don't
18 think that we can look at this without taking
19 that into serious consideration. I know that
20 a lot of people have policies they got with
21 the company, and they get to retirement and
22 they find out that the premiums go up. Now,
23 that may be a different issue here, but they
24 let it -- they then let it lapse because they



1 don't want to keep doing premiums. And I
2 think the curtailment and the impact on the
3 secondary market is very, very important. And
4 the example that was given: Why should not a
5 consumer have a law that encourages a
6 secondary market to pay 4.5 times the amount
7 of the cashout value at a point in time; if it
8 is equitable for that investor to take that
9 on, why shouldn't the consumer benefit?

10 And I still reserve the right to
11 submit written comments, if I might.

12 MR. DRANE: Absolutely. Anybody
13 else who'd like to speak? And again, as we've
14 said, you're free to submit written comments
15 until Monday at 4:00 p.m.

16 So with that, Commissioner,
17 anything you want to add?

18 COMMISSIONER STEWART-WELDIN:
19 No, nothing to add. I would thank you.
20 Thanks for your patience.

21 MR. DRANE: Thanks everybody for
22 coming.

23 (Concluded at 10:38 p.m.)

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1
2 State of Delaware)
3 New Castle County)

4
5 CERTIFICATE OF REPORTER

6 I, Lucinda M. Reeder, Registered
7 Diplomate Reporter, Certified Real-time
8 Reporter and Notary Public, do hereby certify
9 that the foregoing record is a true and
10 accurate transcript of my stenographic notes
11 taken on November 22, 2016 in the
12 above-captioned matter.

13 IN WITNESS WHEREOF, I have hereunto set
14 my hand and seal this 27th day of November
15 2016 at Wilmington, Delaware.

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Lucinda M. Reeder, RDR, CRR



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