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Edward J. Donahue, Jr.  
Second Vice President  
Regional Director and Counsel

To: Connecticut Legislative Committee on Insurance and Real Estate

Re: Opposition to HB 5226 An Act Concerning Life Insurance Premium Payment Schedules

Hearing Date: March 1, 2012

Aflac, well known as the leading writer of supplemental health insurance, also provides life insurance to consumers in every state. We appreciate the opportunity to comment on the captioned legislation and record our opposition to the bill.

HB 5226, if enacted, would interfere with insurer's ability to create and tailor insurance policy payment methods to consumer interests and company efficiency and control, in a very unusual way, the payment relationship between company and customer. We believe this limitation would be unique in the country for the insurance industry and perhaps for financial service businesses generally. Insurers determine the timing and method of consumer payment based on a number of factors including the size and scope of coverage and method of payment. HB 5226 would enable a customer to dictate and at least annually change the timing of premium payments. No standardization of payments could be effected by insurers, economies of scale would be lost, and insurer expenses would rise.

In Aflac's case, most of our products are distributed in the workplace. Premiums are collected by payroll deduction and remitted to us by employers or their payroll service contractor. This payment method enables customers to make payments in accordance with their employer's payroll system and never worry about receiving a bill or missing a payment. This methodology is fully disclosed at time of policy sale and agreed to by the insured. If a customer can re-dictate the timing of required payments sometime during the coverage period, a very difficult and potentially expensive procedure would have to be implemented to accommodate it. The new statutory requirement would impact not only insurers but employers and payroll service vendors increasing costs for each.

We respectfully urge the Committee to reject this legislation

Sincerely yours,

Edward, J Donahue, Jr.