

Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

February 26, 2013

SB 953, An Act Concerning Disclosures
For Universal Life Insurance Products

The Insurance Association of Connecticut (IAC) has concerns with SB 953, An Act Concerning Disclosures For Universal Life Insurance Policies, which would require insurers to print a specific notice on the cover of universal life insurance policies concerning the possibility of premium increases on the policy.

Such a notice is unnecessary, as that information is already provided in the policy and would be redundant. Disclosure is provided in a number of other places, including policy illustrations. In addition, annual statements are provided which disclose any actual rate increases.

The content of the illustrations must comply with Connecticut regulatory requirements (Connecticut Regulation 38a-819-62), and clearly disclose that rates, charges, and credited interest can and do change. Consumers can request in-force illustrations at any time that depict the impact of such policy changes.

SB 953 could actually provide misleading information to the insured. The term "premium" takes on a different meaning in a universal life insurance policy, due to the fact that the product has both investment and insurance components. The "premium" of a standard universal life policy is flexible, and is established, within limits, by the policy owner. The internal charges in the policy (cost-of-insurance, administrative fees, etc.) are set by the insurer and may be changed over time, as is explained in the policy.

In addition, the notice specified in SB 953 would certainly not be appropriate for a single-premium universal life policy.

SB 953 will force life insurers to incur unnecessary administrative costs due to resulting filing, system update and implementation requirements.

IAC respectfully requests that the Insurance Committee take no action on SB 953.