

FTR

Insurance and Real Estate Committee
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Senate Bill 6: An Act Concerning Disclosures for Universal Life Insurance Policies

Testimony of Gina Collopy O'Connell
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Good afternoon Senator Crisco, Representative Megna, Senator Kelly, Representative Sampson and distinguished members of the Committee. My name is Gina Collopy O'Connell and I am a Senior Vice President of The Phoenix Companies, Inc. headquartered here in Hartford, Connecticut. I am here this morning to provide testimony on S.B. 6, entitled an "Act Concerning Disclosures for Universal Life Insurance Policies." We have a view on the bill as currently written as well as concerns about certain changes that may be suggested by certain proponents, after this period of public review and comment is over.

Although I am confident that many of you are familiar with Phoenix, for those of you who are not, Phoenix is a financial services company headquartered in Hartford since 1851. Our other main facility is in East Greenbush, New York, and we have remote staff located throughout the United States. Phoenix employs approximately 600 people, with about 350 in Hartford.

As the Phoenix did last year, I am here today in order to provide guarded support for the bill before you. In this instance, although Phoenix does not necessarily oppose the bill, we do respectfully submit that the bill is unnecessary in light of existing Connecticut law and the National Association of Insurance Commissioners Model Act, both of which regulate the existence and disclosure of the underlying rights of the policy holder and insurance company.

Our guarded support for the bill before you is conditioned, however, on the bill remaining precisely as it is in its current form. As the Committee may recall, several years ago, a proponent of a similar bill presented language to this committee under the guise of disclosure and transparency. However, those provisions realized much more than simple disclosure. Upon careful review of that "disclosure" bill, it was determined that a keystone of that proposal was the creation of a right of action in Superior Court for various hedge fund managers which invested heavily in these life insurance instruments. That right of action would have provided the hedge fund managers with the ability to mitigate substantially, if not eliminate entirely, any risk associated with their investment when the carrier exercised its negotiated, contractual rights to increase premiums.

Although that language has not been raised by the Committee this year and, therefore, will not be subject to public scrutiny, we respectfully state that, if similar language were to be presented by others in the course of the legislative process, Phoenix would strenuously oppose it. Certainly, such a serious issue warrants a public process.

Again, as stated, Phoenix offers limited and conditional support for the bill before you and requests that it NOT be amended in the course of the legislative process.

Thank you for your attention and I am happy to answer any questions that you may have.