



Kate Kiernan
Vice President, Chief Counsel & Deputy, State Relations

Testimony of the American Council of Life Insurers
Before the Insurance & Real Estate Committee
February 18, 2015

Senate Bill 752 – An Act Requiring Life Insurance Companies to Provide Certain Information with Life Insurance Policy Proceeds Payments

Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments in opposition to **Senate Bill 752 – An Act Requiring Life Insurance Companies to Provide Certain Information with Life Insurance Policy Proceeds Payments**. The legislation would institute a costly requirement that insurers provide Internal Revenue Service Form 712 with all proceeds from a life insurance policy.

Not all life insurance benefit payments are taxable events. For instance, withdrawals from the benefits invested in an interest bearing account, such as a retained asset account, may not be deemed proceeds and, therefore, not taxable. Providing the IRS Form 712 to beneficiaries who are not going to have a taxable event could be very confusing. In addition, Form 712 contains a great deal of information and the process to complete the form is manual.

Current industry practice is to provide IRS Form 712 upon request, which has proven effective. Anecdotal evidence from member companies indicates that the vast majority of the policies processed do not require the IRS Form 712. Combined with the information in the paragraph above, it is clear that providing Form 712 is a waste of resources.

Thank you for your consideration of our position in opposition to Senate Bill 752. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.

The American Council of Life Insurers (ACLI) is an insurance trade association with approximately 300 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums.