

## **Sioux State Governor Signs Viatical Bill**

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North Dakota Gov. John Hoeven has signed S.B. 2268, a bill that updates the state's viatical settlement laws.

The North Dakota House passed the bill 75-18 in March, and the state Senate approved the bill unanimously earlier that month.

Now that Hoeven, a Republican, has signed the bill, the bill will become law Aug. 1, officials say.

S.B. 2268 resembles amendments to the Viatical Settlement model act now being developed by the National Association of Insurance Commissioners, Kansas City, Mo.

Bill provisions aimed at curbing the "investor-owned life insurance" market would require most consumers to hold life policies for at least 2 years before selling the policies, and they would require consumers who use "encumbered assets" to pay for policies to hold the policies for at least 5 years before selling the policies.

The bill was supported by North Dakota Insurance Commissioner Jim Poolman, who also played a key role in developing the current NAIC Viatical Settlements update.

The American Council of Life Insurers, Washington, and the National Association of Insurance and Financial Advisors, Falls Church, Va., put out statements welcoming adoption of the bill as law, contending "stranger-owned" life insurance arrangements violate the laws that are supposed to ensure that a person buying a life insurance policy has an economic interest in the continued life of the insured.

"In STOLI arrangements, the value of human life essentially is reduced to a commodity that is auctioned off in the futures market to the highest bidder," ACLI President Frank Keating says in the ACLI statement. "That's not what life insurance is all about."

"Life insurance is designed to be long-term protection for families and businesses, and Congress provides incentives to keep the product for the long term," NAIFA Chief Executive David Woods says. "There is no good public policy reason to take a product designed to provide long-term financial security for families and businesses into a way for speculators to make a quick buck."