



United Policyholders
381 Bush Street, 8th Floor
San Francisco, CA 94104
415.393.9990
www.uphelp.org

September 6, 2011

The Honorable Jerry Brown
Governor of California
State Capitol Building, First Floor
Sacramento, California 95814

Re: SB 599 (Kehoe) REQUEST FOR SIGNATURE

Dear Governor Brown,

United Policyholders strongly urges you to **SIGN** SB 599 into law. This bill pertains to life insurance policies that have a "retained asset account" feature. When a person who has bought a policy with that feature dies, the insurance company holds on to the policy benefits by placing them in an account, instead of sending a lump sum check to the beneficiary. The account is supposed to earn interest and be accessible to the beneficiary via a check book. The beneficiary is supposed get a supply of checks to use to withdraw funds from the RAA. Last summer a series of media articles, then a National Association of Insurance Commissioners (NAIC) hearing revealed the following problems:

- RAA monies are not insured by the Federal Deposit Insurance Corporation (FDIC) and may not be protected by state guaranty funds.
- A checkbook, not a full benefit payment, is a default feature of an RAA.
- Some insurers have made it confusing or hard for beneficiaries to access their RAA funds.
- Some insurers are failing to pay a fair interest rate on RAA funds.
- A substantial amount of RAA funds go unclaimed

SB599 will make it so consumers must affirmatively choose to have life insurance benefits placed in a retained asset account. Absent that affirmative choice, benefits will be paid in the traditional lump sum manner to the beneficiary.

United Policyholders (UP) is a non-profit 501(c) (3) organization founded in 1991 that helps solve insurance problems and advocates for fairness in insurance transactions. UP participates in the proceedings of the National Association of Insurance Commissioners as an official representative of consumer interests. United Policyholders strongly urges your signature on Senate Bill 599.

Sincerely,

Amy Bach, Executive Director

cc: Senator Christine Kehoe, Chair, Senate Committee on Appropriations
Senator Ron Calderon, Chair, Senate Committee on Insurance
Gareth Elliot, Legislative Affairs Secretary, Office of the Governor
Camille Wagner, Deputy Affairs Secretary, Office of the Governor
Randy Ward, Governor's Office of the Insurance Advisor
Ken Cooley, Senate Committee on Insurance
Tim Conaghan, Senate Republican Caucus
Dave Jones, Commissioner, California Department of Insurance

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Washington State

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