



STATEMENT

Contact: Whit Cornman, (202) 624-2442, whitcornman@acli.com

ACLI RESPONDS TO BLOOMBERG ARTICLE ON RETAINED ASSET ACCOUNTS

The American Council of Life Insurers (ACLI) issued the following statement in response to an article from Bloomberg Markets magazine on life insurers' retained asset accounts:

Washington, D.C. (July 28, 2010)—"Recent news reports cast a negative light on retained asset accounts and give short shrift to the benefits these accounts have for beneficiaries.

"Beneficiaries have full access to the money in their retained asset account and can withdraw the full amount right away or at a later date. Moreover, retained assets are merely one option for beneficiaries to receive a death benefit. Other options include a lump sum or payment in a certain number of installments.

"Retained asset accounts provide a significant benefit to family members who are dealing with the emotional loss of a loved one. Not surprisingly, financial matters may not be the first thing on their minds and retained asset accounts provide a secure place for life insurance policy proceeds to be held until the money is needed.

"Life insurers invest assets for retained asset accounts in their general accounts, generally in low-risk, conservative investments, to ensure the money is available on demand. The rate earned by the account is comparable to similar on-demand accounts and is typically guaranteed by the insurer not to drop below a certain level. Beneficiaries can access their money at any time and transfer it to a bank account, CD or other investments with a higher interest rate.

"Retained asset accounts are backed by the full strength and claims-paying ability of the life insurance company. State insurance departments regulate life insurers' investment practices and closely monitor life insurers' financial strength. Regulators will act quickly to protect consumers at the slightest hint of financial difficulty.

"In 1994, the National Association of Insurance Commissioners developed and approved, with input from consumer groups and insurance industry representatives, a model bulletin for the treatment of retained asset accounts. The model sets forth insurance regulators' expectations for such accounts, including disclosure to consumers of the important features of the account, tax implications and interest rate payments. ACLI continues to fully support this model approach."

#

The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. In addition to life insurance and annuities, ACLI member companies offer pensions, 401(k) and other retirement plans, long-term care and disability income insurance, and reinsurance. ACLI's public Web site can be accessed at www.acli.com.