

April 10, 2013

TO: Members of the Senate General Government, Consumer and Small Business Protection Committee

RE: SB 74 - Changes calculation of present value of adjusted premiums for certain types of life insurance so that present value of all adjusted premiums equals 50 percent of adjusted premium for first policy year instead of 40 percent of adjusted premium for first policy year.

Mr. Chair and Members of the Committee:

American Family Insurance Group opposes Senate Bill 74 and believes it would be bad public policy for the following reasons:

- (1) The proposed change only applies to older, in-force business – policies issued prior to 1/1/89 - changes of this nature are typically made only on a going forward basis for “new” business;
- (2) The proposal would mean smaller guaranteed cash values by retroactively altering thousands of existing policies. This is contrary to what life insurers intended for their policyholders.
- (3) The proposed change amounts to a forced breach of contract that may constitute an unconstitutional impairment of existing contracts.

Thank you for the opportunity to submit comments.

Sincerely,

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