



John W. Mangan
Vice President, State Relations

March 12, 2015

TO: The Honorable Lee Beyer, Chair
Members, Senate Business and Transportation Committee

RE: SB 52 – SUPPORT

Dear Chairman Beyer:

On behalf of the American Council of Life Insurers, I am writing to express our strong support of SB 52.. The ACLI is a Washington, D.C.-based trade association with approximately 288 member companies operating in the United States and abroad. Our 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.

SB 52 would extend the sunset date of the Oregon Life and Health Insurance Guaranty Association tax offset. The Association was created in the 1980s to establish a financial safety net for insurance policyowners. It was born of an agreement between our companies, Oregon’s insurance regulators and the State Legislature and has proven to be highly effective in protecting Oregon consumers and the Oregon economy. Here is how it works:

In the rare event of a company insolvency, the Association’s members agreed to assess themselves to cover any financial shortfalls created by the insolvency, guaranteeing that all covered policyowners receive the benefits they have been promised. We also agreed to donate our expertise and resources to assume and reinsure policies and to otherwise minimize the effect of the insolvency on Oregon’s economy. According to our records, the Association has never failed to provide guaranteed coverage to an Oregon policyowner.

In exchange for our industry’s unique, voluntary promise to pay for the cost of any other member company insolvency, Oregon regulators and the Legislature agreed to partner with us to ensure that our marketplace is adequately regulated and to share in our efforts to protect Oregon consumers. The Legislature created the tax offset to recognize our financial investment and allow our members to recoup, over a five year period, a portion of their costs to guarantee policyowner coverage and insulate the state from broader economic losses.

I was privileged to act as Chair of the Association from 1993 to 2000, and can personally attest that this partnership has worked exactly as hoped. The financial regulation provided by the Oregon Insurance Division is highly effective and life insurance companies doing business here are financially strong. Our members have continually stepped up to avoid disruptions in the marketplace and protect consumers.

And the guaranty association tax offset has been used rarely. In fact, we all work hard to ensure that it never has to be used. However, it remains a critical component of our partnership with you to protect Oregon's insurance consumers.

We hope you will continue this partnership by **supporting SB 52**.

Thank you for your consideration. Please let me know if you have any questions or would like further information.

Sincerely yours,

A handwritten signature in black ink that reads "John W. Mangan". The signature is written in a cursive style with a large initial "J" and "M".

John W. Mangan
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