2 Received Via Email //Pitsenberger

ATTN: Section 352 - Insurance Company Regulations

I represent a life insurance company whose life insurance products consist exclusively of (a) group term life insurance, (b) whole life obtained through conversion of such group term insurance, and (c) whole life and supplemental term life sold on a voluntary basis to individuals within an employer group.

The scenario under which the proposed regulations sweep in term life insurance seems highly unlikely to occur in any term life setting. That scenario involves setting up an ill or elderly individual as an insured, paying his or her premiums, and collecting when he or she dies. Recognizing that in the individual market, the coverage will be underwritten (i.e., subject to health screens and health statements, with the ability of the company to reject the applicant on the front end or -if the statement were falsified - contest the claim on the back end), even securing insurance in such a situation seems unlikely (even at a substandard rate). And if insurance were secured, given the unpredictability of death by means other than murder, the scenario
requires luck and patience.

In the group term life setting, in most cases, all employees are insured for the same amount or on the same schedule (i.e., two times salary). For the scenario to work in the group term life setting, one needs luck, patience, and hiring the ill and elderly.

For whole life obtained through conversion from group term life, one needs luck, patience, and hiring and firing the ill and elderly.

For supplemental term life sold on a voluntary basis to individuals within an employer group, one needs luck, patience, and hiring the ill and elderly, as well as the ability for those ill and elderly to pass a health screen.

Whole life sold in a group setting (a product that involves payroll deduction, individual selection, and the ability of the insured to carry the product with him or her when leaving the employer) is admittedly different, but it would still require the fortuity of having the person seeking to launder funds being employed by an employer that provides for acquisition of coverage in such a fashion.

I would, at a minimum, suggest you consider the implications of the first three categories above. Some life insurers limit their sales to those, and do not have any whole life products made available for purposes other than conversion.

I recognize that the regulations are such that they allow for flexibility in tailoring a compliance program to the methods of distributioin and the products offered, and that may be the easiest mechanism for the Department to avoid having to parse every potential life insurance vehicle available.