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February 2, 2022

The Honorable James A. Leftwich Chairman, House General Laws Committee

Virginia House of Delegates

Pocahontas Building, Room E404

900 East Main Street

Richmond, Virginia 23219

Re: HB 1269 - *Preneed funeral contracts; removes requirement relating to life insurance or annuity contract*

Dear Chairman Leftwich and Members of the House General Laws Committee,

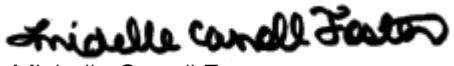
On behalf of the American Council of Life Insurers (ACLI)¹, we would like to express our strong support for HB 1269 that would remove the requirement that if a life insurance or annuity contract is used to fund a preneed funeral contract, the life insurance or annuity contract must provide either that the face value thereof shall be adjusted annually by a factor equal to the annualized Consumer Price Index as published by the Bureau of Labor Statistics of the United States Department of Labor, or a benefit payable at death under such contract that will equal or exceed the sum of all premiums paid for such contract plus interest or dividends, which for the first 15 years shall be compounded annually at a rate of at least five percent. The 242 ACLI member companies licensed in Virginia write more than 93% of life insurance in the state.

Many of our members are active in the pre-need insurance market, providing valuable insurance products to cover the cost of funeral services for American families. Virginia has an unusual provision which requires pre-need insurance contracts to include a growth factor equal to the Consumer Price Index (the CPI). Given the investment climate and regulatory limitations on types of investments available to insurers, this provision has made it difficult for companies to participate in the insurance market in the state of Virginia. Delegate Head's bill would remove the CPI provision, which would make Virginia law consistent with that in most other states in the country. We believe this would encourage

¹ The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

more companies to participate in the market in Virginia, to the great benefit of Virginia residents. Thank you for allowing us to comment.

Sincerely,

A handwritten signature in black ink that reads "Michelle Carroll Foster". The signature is written in a cursive, slightly slanted style.

Michelle Carroll Foster