

U.S. Senate panel delays COLI changes

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WASHINGTON, D.C. Life insurers are relieved that Senate Finance Committee lawmakers yesterday agreed to revisit the issue of corporate owned life insurance two weeks after they voted to impose a tax on employers' COLI policies.

Two weeks ago the same committee adopted a proposal, offered by Sen. Jeff Bingaman (D-N.M.) as an amendment to Committee Chairman Sen. Charles Grassley's (R-Iowa) National Employee Savings and Trust Equity Guaranty Act, that would impose a tax on employers receiving benefits under these policies.

Revenue raised from these new taxes would be used to modernize parts of the tax code affecting life insurers.

The industry supports the tax code amendments but argues that imposing new restrictions on the use of COLI is no way to pay for the reforms.

The American Council of Life Insurers (ACLI), National Association of Insurance and Financial Advisers (NAIFA) and Association for Advanced Life Underwriters (AALU) applauded the Committee's vote yesterday to postpone any COLI change.

Original Date

The Committee's original pension bill had the effective date slated for Sept. 17, 2003 - the date of the committee markup. The effective date in the legislation is now the date of enactment.

"When the Committee acted two weeks ago to restrict the use of this widely used means of funding employee benefits, it did so without a full review of the impact its actions would have. When the Committee does hold its hearings later this month on COLI, it will hear how businesses use this product to maintain and expand important employee benefit programs," said ACLI President & CEO Frank Keating.

"The life insurance industry looks forward to working with the Committee in its review of COLI's benefits to workers and businesses alike." □