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CORPORATE-OWNED LIFE INSURANCE: HELPING U.S. WORKERS WITH JOBS & BENEFITS

Washington, D.C. (October 14, 2009) – Michael Moore’s most recent film, “Capitalism: A Love Story,” includes a small focus on a segment of the life insurance marketplace called corporate-owned life insurance, commonly referred to as COLI. Mr. Moore’s assertions on COLI, and some subsequent media reports, mischaracterize the truth about this important life insurance product.

In the current fiscal environment, protecting jobs and employee benefits has never been more important. COLI serves both of these functions. COLI is a life insurance policy used by employers to keep businesses running and protect jobs after the death of owners or key employees. It also is used to finance employee benefits, including broad-based health, disability, survivor and supplemental retirement benefits.

Through COLI, employers are taking the responsible step of setting aside assets to protect jobs and to make sure they are able to deliver on their employee benefit promises. Employers do not receive a tax deduction for purchasing COLI and employees pay nothing but receive substantial benefits in connection with the product.

Congress has consistently reaffirmed the benefits of COLI. Most recently, it enacted the Pension Protection Act of 2006 (PPA) on a broad bi-partisan basis after three years of study, enhancing requirements and safeguards by codifying COLI best practices with new section 101(j) of the Internal Revenue Code (IRC). Indeed, well before the PPA and section 101(j), it was common practice for employers to take out COLI only on highly compensated employees after notice and informed consent.

Section 101(j) makes clear that COLI can only be taken out on officers, directors and highly compensated employees with notice and their informed consent. To ensure compliance, the IRS requires annual reporting by employers on COLI usage. Non-compliance results in the taxation of policy proceeds. The PPA locks in responsible use of COLI by making non-compliance economically untenable.

COLI should be seen for what it is: a way for responsible employers to protect jobs and benefits. [Click here for additional information about COLI](#)

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The **Association for Advanced Life Underwriting** (AALU) is a professional trade association representing 2,000 life insurance agents and professionals nationwide, who have significant expertise and are industry leaders in helping individuals and businesses utilize life insurance in estate planning, charitable planning, business continuation planning, retirement planning, deferred compensation and employee benefit planning. The mission of AALU is to promote, preserve and protect advanced life insurance planning for the benefit of its members, their clients, the industry and the general public. AALU's website can be accessed at www.aalu.org.

The **American Council of Life Insurers** (ACLI) is a Washington, D.C.-based trade association whose 340 member companies account for 93 percent of the life insurance industry's total assets in the United States, 94 percent of life insurance premiums and 94 percent of annuity considerations. In addition to life insurance and annuities, ACLI member companies offer pensions, including 401(k)s, long-term care insurance, disability income insurance and other retirement and financial protection products, as well as reinsurance. ACLI's public Web site can be accessed at www.acli.com.

GAMA International is a worldwide professional association serving 5,500 field leaders in the insurance and financial services industry. Its members recognize their critical role in finding, building and inspiring the next generation of top performers who will, in their turn, lead the industry into the future. To help build these leaders, the association provides its members with professional development resources and opportunities, including educational, networking and leadership. GAMA International's website is located at www.gamaweb.com.

NAIFA comprises more than 700 state and local associations representing the interests of approximately 200,000 agents and their associates nationwide. NAIFA members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. The Association's mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members. Visit NAIFA's website at www.naifa.org.

The **National Association of Independent Life Brokerage Agencies** (NAILBA) is the premiere insurance industry organization promoting financial security and consumer choice through the use of independent brokerage distribution. NAILBA member agencies represent 250,000 producers who deliver more than four billion dollars in first year life insurance premiums annually. For more information, visit www.nailba.org.
