



SENATE MAJORITY OFFICE

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Senate Bill will protect Oregon seniors from shady investment schemes *SB 973 will put an end to stranger-originated life insurance in Oregon*

SALEM – The Oregon Senate passed Senate Bill 973 this morning, protecting Oregon seniors from an investment scheme known as stranger-originated life insurance or “STOLI.” The legislation will provide needed protections regarding disclosure and privacy.

“Vulnerable seniors are being taken advantage of by these schemes,” said Senator Suzanne Bonamici (D-Washington Co./Portland), chair of the Senate Consumer Protection Committee. “This legislation will provide important disclosures to consumers and help prevent seniors from being lured into these questionable deals.”

STOLI occurs when third party investors convince seniors to purchase additional life insurance, for the purpose of selling or transferring the policy to investors later. Seniors are often coached to misrepresent their health, finances and the intent of the arrangement.

“Third party investors have a financial incentive in the early demise of Oregon seniors. The quicker the senior dies, the more money investors make,” explained Senator Ginny Burdick (D-Portland), who co-carried the bill on the floor this morning. “This appalling practice raises serious ethical questions.”

Wall Street speculators AIG, Bear Stearns and Lehman Brothers are three of the biggest investors in these schemes. Other third parties include offshore investors and hedge funds looking for big investment returns.

Senate Bill 973 will revise life settlement insurance regulations to prohibit stranger-originated life insurance practices or plans, effectively creating the strongest anti-STOLI law in the nation. The bill now moves to the House for consideration.

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