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Subject: **COLI Best Practices Provision Included in House Pension Bill; Senate Likely to Consider Bill This Week**

Prior Washington Reports: 06-65; 06-35; 05-126; 05-125; 05-117; 05-103; 05-95; 05-94; 05-81; 05-63; 05-16

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Late last week, House-Senate pension conference negotiations stalled due to an impasse between House and Senate negotiators over whether to include a package of tax extenders in the pension bill. The House instead moved a separate pension bill (H.R. 4) that contained the agreements that had been reached in the pension conference, and another separate bill that included estate tax, a minimum wage increase, and tax extenders (as reported on in more detail in Washington Report 06-80).

The pension bill passed by the House last week includes the "COLI Best Practices" provision. We continue our efforts to work toward enactment of the COLI provision. The completion of this proposal will mark a substantial achievement by AALU and the broader life insurance industry in fostering a better understanding of corporate owned life insurance, putting in place reforms that assure its responsible use, and preserving the tremendous benefits COLI provides to businesses, employees and their families by codifying the best practices of the industry.

Specifically, the provision would:

- Restrict COLI to coverage of a limited class of employees (e.g. highly compensated employees);
- Require employers to provide notice to insured employees and obtain employees' written consent to being insured;
- Establish disclosure and recordkeeping requirements for businesses holding COLI policies.

The timing of completion of the pension bill remains unclear, but it is a positive development that the COLI provision was included among those provisions that had been agreed upon during the conference negotiations. Since H.R. 4 is a new bill and not a conference report, the bill will be amendable when the Senate takes it up (which is likely to occur this week). If the Senate were to amend the bill during its consideration, it would be necessary to reconcile the House and Senate versions of the bill, which could not occur until after Congress returns in September.

We will provide additional updates on the progress of the pension legislation and this provision in particular in subsequent *Washington Reports*.

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