

April 28, 2000

PRESIDENTS OF ALL LIFE INSURANCE COMPANIES, FRATERNAL
To: ORGANIZATIONS, AND ASSESSMENT LEGAL RESERVE COMPANIES
DOMICILED IN ILLINOIS
From: NATHANIEL S. SHAPO
DIRECTOR
Re: RACE-BASED PRICING OF LIFE INSURANCE POLICIES
REQUEST FOR INFORMATION (CB #2000-03)

The Illinois Department of Insurance has recently become aware of certain practices employed by insurers that result in a different cost for life insurance for similarly situated policyholders except for race. In order for the Department to understand the full extent of these practices and to develop a response, we are requesting that your company provide the following information. The answers to the questions should take into account not only business commonly referred to as industrial business but also home service business, burial insurance or any other type of life insurance except for employer/employee group insurance. Also, the questions concern your business practices throughout the United States not just in Illinois.

1. Is your company currently marketing life insurance policies with premium rates, face amounts or nonforfeiture values that reflect race?
2. Has your company ever marketed and still have in-force as of March 31, 2000, any life insurance policies with premiums, face amounts or nonforfeiture values that continue to reflect race? If the answer is yes, provide information as to the number of policies, annual premiums, face amount, and cash values, classified by both Illinois business and nationwide business and issue year intervals, i.e. pre 1950, 1950-1959, 1960-1969, 1970-1979, 1980-1989, 1990 to the present.
3. Has your company assumed from another insurer and still have in-force as of March 31, 2000, any life insurance policies with premiums, face amounts or nonforfeiture values that continue to reflect race? If the answer is yes, provide information as to the number of policies, annual premiums, face amount, and cash values, classified by both Illinois business and nationwide business and issue year intervals, i.e. pre 1950, 1950-1959, 1960-1969, 1970-1979, 1980-1989, 1990 to the present.

A response to this questionnaire should be provided even if the answers to all of the questions are "no." Please send responses to this questionnaire to:

Larry M. Gorski, Life Actuary
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767.

Each response should contain the name of a contact person and that person's phone number.

The deadline for responses is May 31, 2000.

If you have any questions concerning this request, please call Larry M. Gorski at 217-782-1794.

Thank you for your prompt attention to this matter.