

**Statement Congresswoman Sue Kelly  
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises  
Hearing: “Retirement Security: What Seniors Need to Know about Protecting Their Futures”  
May 15, 2003**

Good morning, and thank you, Chairman Baker, for holding this important hearing on retirement security – an issue that is of great concern to today’s seniors and tomorrow’s retirees.

With tens of millions of baby boomers approaching retirement, the need to focus on proper planning and financial literacy continues to grow. The cornerstone of retirement security is the consumer’s ability to anticipate their future financial needs and adjust their assets using several diverse financial products – from investments and pension funds to life insurance policies and long term care insurance, annuities and social security.

As more sophisticated financial products are introduced to fulfill the evolving retirement needs of seniors, we need to ensure that consumers have clear and objective information. The arrival of new and improved products for seniors is welcomed, but it comes with an additional responsibility that financial regulators keep pace with changes in the marketplace to protect consumers.

Last year, my Subcommittee on Oversight and Investigations held a hearing on one product known as a viatical settlement – the practice of buying life insurance policies from the elderly or terminally ill at a discount and then marketing them as investments. A properly conducted viatical transaction can benefit all parties involved: sick individuals can access much needed cash to pay medical expenses; companies that sold the original policies receive premiums that are important to market stability; and investors and settlement companies who buy policies are able to make a return on their investment.

Unfortunately – as we learned in that hearing – bad actors have taken advantage of these arrangements to create or buy phony policies and fraudulently bilk unsuspecting investors. While it is extremely unacceptable, it is no surprise given the complex nature and inconsistent state regulation of viaticals. I strongly believe we must address the lack of uniformity and regulatory gaps among states in regulating life and viatical settlements that leave some citizens – particularly elderly Americans – at the risk of being defrauded.

I thank the witnesses for appearing before the subcommittee and look forward to hearing their testimony on these issues.