ILMA

Institutional Life Markets Association

September 5, 2007

VIA ELECTRONIC DELIVERY

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex K)
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Re: SSNs In The Private Sector – Comment, Project No. P075414

Ladies and Gentlemen:

The Institutional Life Markets Association, Inc. ("ILMA")[1] appreciates the opportunity to respond to the request of the Federal Trade Commission (the "Commission") for public comment relating to private sector uses of Social Security Numbers ("SSNs"). ILMA commends the Commission for its work on finding ways to adequately safeguard the personal data of our country's citizens and in combating identity theft. We believe, however, that SSNs play an important role in legitimate commercial activities and while it is necessary to protect SSNs, this objective must be balanced with the necessity to use SSNs in legitimate commercial activities and to allow for the continued innovation of financial markets and financial products.

Enclosed for your benefit please find a copy of ILMA's Guiding Principles. These Guiding Principles, to which every ILMA member subscribes, set forth our beliefs as to how business in the mortality and longevity marketplace should be conducted and our goals for the industry.

Uses of the SSN by Participants in the Longevity & Mortality Markets

ILMA's members have been actively involved in the development of mortality and longevity markets that permit institutions and individuals to actively hedge their mortality exposure (i.e., the risk that a person or a group of individuals will not live to their life expectancy) and longevity exposure (i.e., the risk that a person or a group of individuals will outlive their life expectancy). For example, individuals are exposed to mortality risk during the asset accumulation phase of their lives as they seek to build wealth to support the development and

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[1] ILMA is a trade association comprised of a number of the world's leading institutional investors and intermediaries in the mortality and longevity marketplace, formed to encourage the prudent and competitive development of a suite of evolving mortality and longevity related financial businesses, including the businesses of life settlements and premium finance.

education of their children, as well as to support their retirement years. Conversely, individuals are exposed to longevity risk when they seek to spend down their accumulated assets over their retirement years. To the extent individuals significantly outlive their expected longevity, they could end up in a situation where they have exhausted all of their accumulated wealth. Likewise, pension and other retirement plans (including the social security fund) are exposed to both risks as they rely on younger individuals to fund payments to retirees (mortality risk) and are exposed to making retirement payments for time periods greater than originally anticipated (longevity risk).

The need to address these risks with new and innovative products has never been greater, and the ability to track mortality both on an individual and an aggregate basis will be an integral part of this development. In fact, the Social Security Administration ("SSA") currently maintains mortality information for all individuals with SSNs in a repository known as the Death Master File (the "DMF"). Introduced in 1988, the DMF contains over 65 million records of mortality events and is updated weekly. In addition, comparable mortality information is maintained by the National Center for Health Statistics ("NCHS"). Both the NCHS and the SSA make this information available to the public. The availability of this information to the public demonstrates its usefulness both for confirming a mortality event and for confirming the absence (if the SSN does not appear in the database) of a reported mortality event.

We believe that any regulations that would interfere with the legitimate uses of SSNs to track mortality or to develop innovative mortality and longevity products where the SSNs will ultimately be used to confirm a mortality event and where the SSN is separated from any other personally identifiable information prior to the occurrence of a mortality event is unwarranted and would needlessly impede the development of a market that can provide substantial benefits to individuals and institutions that are exposed to mortality and longevity risks. Any regulation should balance the needs of this important market with the legitimate right of individuals to be protected from the scourge of identity theft.

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ILMA appreciates the opportunity to provide its comments to the Commission on this important issue and we believe that our comments will assist the Commission in its work. The undersigned will be contacting the Commission to discuss the contents of this letter in greater detail. In the meantime, should you have any questions or comments, please feel free to contact the undersigned directly at (202) 289-1011 or via email at jkelly@mcphersongroup.us.

Very truly yours,

INSTITUTIONAL LIFE MARKETS ASSOCIATION, INC.

/s/ Jack A. Kelly

Jack A. Kelly, Director of Government Relations

Enclosure

INSTITUTIONAL LIFE MARKETS ASSOCIATION, INC.

GUIDING PRINCIPLES

The Institutional Life Markets Association, Inc. (ILMA) is a trade association comprised of a number of the world's leading institutional investors and intermediaries in the mortality and longevity marketplace, formed to encourage the prudent and competitive development of a suite of evolving mortality and longevity related financial businesses, including the businesses of life settlements and premium finance.

Life insurance is one of the most important financial assets a consumer owns, and the prudent regulation of the life settlement and premium finance industries is critically important to a consumer's ability to acquire such asset and, during the term thereof, to realize all of the economic opportunities associated therewith.

To help bring consensus among the various life insurance companies, life settlement providers, brokers, banks, premium finance lenders and other participants in the life settlement and premium finance industries, and to facilitate the promulgation of appropriate regulation and the development of industry "best practices," ILMA has formulated the following guiding principles to be considered when conducting business in this marketplace.

- Transparency. Consumers are entitled to transparency when engaging in life settlement and premium finance transactions. Accordingly, a consumer's representative should disclose all bids received and provide full disclosure of all fees and commissions payable to such representative. Industry participants should not engage in premium finance transactions designed to conceal the nature of a transaction from life insurance companies. When a consumer applies for a life settlement or premium finance program, an advisor should emphasize the consumer's obligation to complete the application truthfully and accurately.

- Suitability. Life settlements and premium finance loans are not appropriate for everyone. Industry participants should advise consumers applying for life settlements or premium finance loans to seek competent, professional advice to fully understand the risks involved and to determine whether a transaction is right for them.

- Consumer Choices. Consumers should have the ability to choose how to finance their life insurance policy and whether to hold the policy to maturity, surrender it for cash surrender value or settle it in the secondary market. Regulations that unnecessarily restrict such choices are anti-consumer and should not be supported.

- Fiduciary Duty. Life settlements and premium finance loans are complex financial transactions. Consumer representatives such as agents, brokers, and other advisors should be mindful of the fiduciary duty they owe to consumers who participate in such transactions, including helping consumers understand the value of a policy and how best to realize this value. The nature and scope of this fiduciary duty should be explained and defined at the start of the professional relationship.

- Insurable Interest Principle. Industry participants should support laws designed to deter transactions that seek to evade insurable interest laws and principles.

- Policy Origination. No person should pay, directly or indirectly, an inducement to any prospective policy owner or insured for taking out a life insurance policy. Offers of "rebates," "free insurance" and similar questionable incentives should be prohibited.

- Protection of Insured's Identity. Industry participants should develop and implement procedures designed to appropriately safeguard the identity of insureds engaging in life settlement and premium finance transactions. These participants should make every effort to prevent the inappropriate disclosure of confidential information relating to an insured or to a particular transaction.

- Competition. A well regulated and competitive marketplace best serves the interest of consumers and industry participants. Industry participants should not support or engage in practices that seek to unlawfully restrict competition.

- Marketplace Education. Industry participants should seek to educate consumers, investors and others on legislative and administrative developments affecting the life settlement and premium finance industries. These persons should also seek to provide a forum for interested parties to examine and review such developments.

With these Guiding Principles as a basis, ILMA looks forward to engaging in a dialogue with the leaders of the life settlement and premium finance businesses to promote common interests and objectives and to develop industry "best practices." ILMA also looks forward to working with legislators and regulators to help design appropriate and consumer-oriented regulation.