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February 8, 2023

The Honorable Melony Griffith
Chair, Senate Finance Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Re: Opposition for SB 212 – Genetic Testing Protection Act of 2023

Dear Chair Griffith and members of the Senate Finance Committee,

I write on behalf of the American Council of Life Insurers (ACLI) to express our opposition to Senate Bill 212.

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States. In Maryland, ACLI's 238 member companies represent 95 percent of the life insurance industry.

Each day, life insurers pay out \$35.4 million in life insurance and annuities to Maryland families and businesses, helping Marylanders secure the things that matter most through all stages of life. Our mission is to financially protect families by embracing opportunities to issue coverage to as many consumers as possible.

With respect to Senate Bill 212, it is critical to understand that underwriting is a fundamental principle that keeps insurance affordable. A life insurer has only one opportunity to evaluate risk before a policy is issued and remains in place for decades or more. Once a policy is in place, an insurer cannot cancel it or raise premiums because of subsequent health information or test results. Proper risk classification ensures the solvency of insurers and their ability to pay claims for all policyholders. For this reason, it is very important that life insurers have access to accurate and complete information about an applicant's health, including their full medical record, which may include genetic information and family medical history.

Although genetic testing is relatively new, underwriting based on family history is a long-standing practice in Maryland and in all other states. An unintended consequence of Senate Bill 212 could be adverse selection, which occurs when an applicant has information—such as genetic information—that increases their risk, but they do not disclose that information to the insurer. This results in the insurer assigning the applicant to a lower risk pool than it would if it had all relevant information. Adverse selection may lead to increased premiums for all risk classes and

decreased availability of coverage. To avoid adverse selection, there must be a level playing field of information between the applicant and the insurer.

Advances in genetic science are improving health care in America, by giving doctors a better picture of their patients' true medical conditions. These advances improve doctors' ability to treat their patients; they also empower consumers to better control their health and their lives overall. To the extent that genetic testing provides the opportunity for a patient to undergo preventive or ongoing medical care to address a previously unknown condition, insurers may incorporate these results into their underwriting to benefit policyholders.

ACLI members are committed to a robust and competitive insurance market that offers a variety of products that are affordable and meet consumers' insurance needs. Life insurance companies have been able to provide affordable coverage because applicants have shared with consent their complete medical records. It only makes sense that if a life insurance company is going to make a long-term promise, it knows an applicant's true health condition.

Maryland consumers have long benefitted from the accuracy, transparency, and confidentiality in the underwriting process. Prohibitions such as those contained in Senate Bill 212 would result in higher prices and fewer choices for Maryland consumers.

Thank you for your time, and please do not hesitate to contact me with questions.

Sincerely,

A handwritten signature in black ink that reads "Michelle Carroll Foster". The signature is written in a cursive, slightly slanted style.

Michelle Carroll Foster

Cc: Members of the Senate Finance Committee