

Hon. Governor Deval Patrick
State House Room 360
Boston, MA 02133

July 15, 2010

Re: SBLI -- Please Veto HB889

Dear Governor Patrick:

Thank you for your deep commitment to civil rights, for identifying the issue of gender-neutrality in insurance as an issue of fairness and equality, and for returning with amendment legislation in 2008 that would have allowed the Savings Bank Life Insurance Company to turn its back on these principles. We urge you to stand on the right side of history again in 2010 and reject a new proposal that would do the same damage, yet go much further.

Even if the new bill “only” allowed the company to wriggle out from its obligation to provide insurance on a gender-neutral basis, this would be reason enough to veto it or return it for amendment, as you saw fit to do in 2008. The issues remain the same. Though it has been dramatically reframed and, as such, would also seriously impact other public policy matters, this legislation is calculated to revoke an important Massachusetts anti-discrimination statute. It would remove the gender-neutral, equal-treatment rule in current law, and it would allow SBLI to abandon long-standing fairness- and equality-based practices. That should not happen.

Massachusetts is a leader in equality rights. In recent years, the Commonwealth has made great progress in insurance equity and non-discrimination. The 2008 law bearing your signature that provided for equitable coverage for annuity policies was a milestone. But allowing SBLI to put aside current statutory gender equality would be a bold and mistaken step back from that progress. Individuals should not be charged different rates based on group characteristics. That’s discrimination and should be rejected.

However, SBLI’s renunciation of its previous commitment to gender non-discrimination is far from the only reason to oppose this legislation, which would free the company from any public responsibility. The company’s radical new approach takes aim not only at its obligation to provide life insurance policies on a gender-neutral basis, but at its entire historic relationship with the Commonwealth and the public-minded purposes for which Louis Brandeis established the company over a century ago.

Perhaps the most dramatic effect of this new law would be that the Commonwealth would be abandoning its commitment to provide financial security to residents of all economic strata by ensuring the availability of low cost life insurance. This commitment is embodied in chapter 178A of the General Laws, SBLI’s governing statute, and would be eviscerated with its repeal. Under chapter 178A, SBLI has an obligation to make sure it is making available low cost life insurance before making payouts to shareholders. In

addition, the statute gives our state government the ability to protect this public interest and ensure that low cost insurance remains available statewide. Section 10 of chapter 178A gives the Commissioner of Insurance the authority to veto dividends approved by the board if he or she believes that “the payment of such dividends would impair the [ability of the company] to offer safe, low cost insurance.” For SBLI to become “just like any other company” would mean that both the company *and the Commonwealth* would be turning their backs on the common good, abandoning the original public purpose for which the company was founded. Without these statutory safeguards, insurance costs for ordinary Massachusetts residents – both men and women – will likely increase. This too, is a civil rights issue.

Finally, we believe there are good reasons for you to look critically at the proposed legislation apart from our concerns regarding fairness, non-discrimination, and equality of opportunity. Two specific legal issues have drawn our attention, and we recommend them to you for your consideration. First, Section 3 of the bill appears to attempt to allow SBLI to maintain all its current “rights, powers, and privileges” – those perks that come from its historically unique relationship with the state – even while shedding the company’s concomitant obligations. Despite the company’s claim that it wants to “level the playing field” by becoming an ordinary company, this legislation may give state approval for it to retain special, unnamed privileges. Second, legislation that abruptly ends a close state relationship with a major financial institution ought to be closely evaluated for its impact on the state’s own financial interests. The fiscal consequences of this bill for the Commonwealth – whether in the form of missed revenue opportunities or unforeseen costs for state government – may be substantial, yet this analysis has not been undertaken.

We strongly oppose HB889 and urge you – both as a civil rights leader and a prudent administrator – to once again veto this misguided legislation. Thank you. We would welcome the opportunity to meet with you or your staff to discuss our concerns further.

Sincerely,

Gavi Wolfe
ACLU of Massachusetts

Christina Knowles
Massachusetts NOW

Sheila Decter
Jewish Alliance for Law and Social Action

Elizabeth Dunn
League of Women Voters

Lois Pulliam
American Association of University Women

Deborah DosSantos
Women’s Bar Association