United States Senate

Senate Committee on Finance COLI Hearing

Spencer Tillman/Testimony

Mr. Chairman, members of the committee, my name is Spencer Tillman, a businessman and analyst for CBS Sports.

I'm here to offer my thoughts on the matter of corporate owned life insurance.

When my brother Felipe died in 1992, his former employer, Camelot Music, and its parent company CM Holdings Inc. cashed in an insurance policy on his life, enriching themselves by nearly $340,000.

In a similar case, in which the courts found in favor of the deceased family, IRS records presented as evidence detail specifically where the money went. Here are the facts: they used the money to pay their executives more money. Felipe had long since left that company, which raises a red flag concerning CMs' ongoing insurable interest. I found it note-worthy that by the companies' own admission; the amount spent training employees for this low-level position was less than $500.

What is more, Felipe was not operating in a key executive position. The policy on his life was unknown to him and our family. This company as many others today, used Felipe's life as a means to help the company boost its bottom line--a fact myself and my family finds as callous and unethical as can be conceived.

The act of profiting from death and the dying is unavoidable. But this "comprehensive employee life insurance" tactic gambles with employee's lives to profit--hedging their bets--rather than concentrating on good management and sound business principles to turn a profit.

My take on this, ladies and gentlemen, is this practice is nothing more than a sophisticated form of "bounty hunting." Men and women go to work, in effect, with a bounty on their heads. They die, for whatever cause and the bounty flows into the coffers of corporations to be used as the executives see fit. The difference is that workers aren't guilty of any crime and function, in this context, as a commodity to be gambled and bartered. Does it not seem possible, that a business practice which propagates the concept of employees as profitable whether they are employed and working, or dead, would not result eventually in management principles bordering on the unethical?

At the very least, an employee who has a price on their head should at least know what the price is, have to agree to having it placed there, be allowed to have a portion go to their family should they die, and last, should be able to have the insurance policy discontinued if their employment is discontinued.

I didn't come here to rail against corporations or profits. As a former NFL player I know full well the meaning of fierce and violent competition. But there is more to sports and more to business competition than the bottom line, ladies and gentlemen.

The issue is whether using human deaths as a responsible means of gain is immoral and unethical.

As we experience the fallout of shareholder robbery by some of the once most respected corporations in this country, including the financial community, executives are now headed for jail where they belong. Many corporations are changing their operating procedures, adopting, and I stress enforcing, a code of ethics while adhering to a value system that sets an example of honesty and integrity.

What Felipe's company did to him and our family, and what some of America's Blue Ribbon corporations institute everyday in the name of sound business practice is nothing less than operating in the gutter. What needs to be done is twofold: the media should give these neo-bounty hunters the scrutiny they deserve and bring these practices to the attention of the public more extensively than they already have. Second, Congress needs to pass legislation to put a stop to this robbing of a disproportionately poor Peter to pay and already prosperous Paul -- the same kind of oversight it demonstrated during the age of Enron. Not to do so would be ethically questionable and morally untenable.

Thank you very much for this opportunity. I will be delighted to answer your questions.