

Draft: 11/29/21

Transparency and Readability of Consumer Information (C) Working Group
Virtual Meeting (*in lieu of meeting at the 2021 Fall National Meeting*)
November 17, 2021

The Transparency and Readability of Consumer Information (C) Working Group of the Property and Casualty Insurance (C) Committee met Nov. 17, 2021. The following Working Group members participated: Joy Hatchette, Chair (MD); Willard Smith (AL); Ken Allen (CA); Bobbie Baca (CO); Angela King (DC); Patrice Dziire, Julie Rachford, and Robert Rapp (IL); Heather Droge and Brenda Johnson (KS); Cynthia Amann, Jo LeDuc, and Jeana Thomas (MO); Kathy Shortt (NC); Chris Aufenthie (ND); Dave Buono and Shannen Logue (PA); Elizabeth Kelleher-Dwyer and Brett Bache (RI); Jennifer Ramcharan (TN); and Marianne Baker and Cassandra Enoch Brown (TX). Also participating were: Kate Kixmiller (IN); Renee Campbell (MI); Denise Lamy (NH); Tynesia Dorsey and Jana Jarrett (OH); Tricia Goldsmith and Glenda Villamar (OR); Marcia Violette (VT); Josh Martinsen and Manabu Mizushima (WA); Diane Dambach and Darcy Paskey (WI); and Kristi Alma Jose and Bill Cole (WY).

1. Adopted its Summer National Meeting minutes

Ms. Droge made a motion, seconded by Mr. Aufenthie, to adopt the Working Group's July 20 minutes (*see NAIC Proceedings – Summer 2021, Property and Casualty Insurance (C) Committee, Attachment Five*). The motion passed.

2. Adopted the Report of the Consumer Education Drafting Group

Ms. Hatchette said the work on the rate and rule filing checklist and the disclosures for premium increases for both capped and uncapped premium has been completed by their perspective drafting groups. She said Brenda J. Cude (University of Georgia) will do a readability review on the consumer language in the document. Ms. Hatchette said several states have indicated that they would like to start using these documents. She said once Ms. Cude has reviewed the documents, they will be sent out to the Working Group to vote on exposing the document. Once the document has been exposed for 30 days, the Working Group will consider adoption of the documents and will then send them to the Property and Casualty Insurance (C) Committee for consideration of adoption. The Working Group was in agreement.

Ms. Shortt said the consumer education drafting group was divided into three areas: 1) ratemaking; 2) rating factors; and 3) premium discounts. The ratemaking and premium discounts drafting for auto insurance has been completed. The rating factors drafting is nearing completion. Drafting groups will begin working on ratemaking and rating factors for homeowners' insurance once the rating factors for auto insurance is complete. The drafting group working on homeowners' discounts has started drafting this document. The drafting groups have been meeting every couple of weeks to complete the work.

Ms. Rachford made a motion, seconded by Mr. Buono, to adopt the report of the Consumer Education Drafting Group. The motion passed.

3. Heard a Presentation Regarding Disparities in Insurance Access

Ms. Hatchette said some of the Working Group members may have seen the report *Disparities in Insurance Access: A Report Detailing Findings From a Survey of Grassroots Consumer Organizations*. She said some states have begun to hold discussions regarding the information in this report to address this issue. Ms. Hatchette said Maryland has been discussing ways in which they can address the concerns and issues included in this report.

Ms. Cude said the information presented in the report is based on a survey the consumer representatives conducted earlier this year. She said the information she is presenting today is based on new data that has not yet been reported to anyone at the NAIC. Ms. Cude said the primary goal of the survey was to look at disparities and inequities in the insurance system; this was done in the lens of community organizations.

Ms. Cude said the survey respondents included 72 unique individuals who were leaders or senior employees of consumer organizations. Approximately half of the respondents of this survey worked in organizations that they defined as working statewide. Fifteen of the respondents worked nationally, and seven of the respondents said their primary work was in a specific city. The survey was intended to reach across a number of product lines, and although the majority of the respondents worked in health, they worked in other product lines too. The three areas most relevant to the Working Group include auto; property;

and flood, earthquake, or wind. Forty-four percent of the respondents' constituents included all ethnic groups. However, there was a focus on Black or African American and Hispanic or Latino populations. The majority of respondents said their primary constituency served included racial and ethnic groups. However, there was representation in other groups as well, such as senior citizens, rural residents, veterans, etc.

Ms. Cude said the challenges of the constituents that the respondents' organizations worked with include: 1) the belief that insurance products are unaffordable; 2) difficulty understanding coverage; 3) difficulty understanding costs; 4) the belief that available insurance products do not provide sufficient coverage; 5) the belief that insurance claims are not paid; 6) the belief that filing insurance claims is difficult; 7) difficulty in applying for insurance; 8) language barriers; 9) the belief that consumer education/information is not written or available for constituents; and 10) the belief that the state insurance department is not helpful. She said this Working Group might want to consider drafting consumer education pieces addressing understanding coverage and costs, reasons insurance claims are not paid, and education regarding the filing of insurance claims. Ms. Cude said about 20% of the respondents said that consumer education is not available and written for their constituents. While consumer education information is available, it is important to understand why the educational pieces are not making their way to the community organizations.

Ms. Cude said respondents were asked questions about state insurance department contact with the respondents' constituents. The questions asked included asking if state insurance departments: 1) provide education about insurance; 2) increase awareness about insurance; 3) ask about opportunities to learn about respondents' organizations; 4) discuss the department of insurance's (DOI's) services; and 5) ask about ways to hear about respondents' constituents' insurance issues. She said barely one-fourth of the respondents answered "yes" regarding education and increasing awareness about insurance. Ms. Cude said the consumer representatives believe the community organizations are saying it is a one-way conversation. She said less than 20% of the respondents said that the DOIs contacted or discussed the services offered by the DOI with their organizations. Only 17% of the respondents said that they had been asked about ways to learn about the constituents' insurance issues.

Ms. Cude said recommendations relevant to the DOIs include: 1) developing more expansive partnership networks with community organizations, especially those serving low-income communities and communities of color; and 2) embracing active, ongoing engagement with community partners and developing relationships that go beyond passive information sharing. She said recommendations for the NAIC to consider include: 1) identifying, promoting, and replicating best practices across states; and 2) creating minimum community engagement standards.

Ms. Cude said there are large sections of states where there are not the types of community-based organizations that the Working Group has been discussing. She said smaller communities do have community-based organizations. However, these organizations are not always the typical traditional community-based organizations. Ms. Cude said community-based organizations in small, rural communities might be churches, a cooperative extension service, a public library, civic organizations, a Chamber of Commerce, or elected county officials.

Ms. Hatchette said when the report was released, they decided to reach out to the grassroots organizations in Maryland to see what they could do better. She said they reached out in a variety of ways, such as sending emails and making phone calls. Ms. Hatchette said they received responses from only 10% of those they contacted. She asked Ms. Cude for a good way to get these conversations started. Ms. Cude said many community organizations are understaffed and under-resourced, so they may not have time to respond without knowing why they are being contacted. She said this is where the standards about what it means to have and build community engagement come into play. Ms. Cude said it is important to think about and discuss ways to work with some of the community-based organizations. She said creating a best practices document that provides items that have worked for the various states would be valuable.

Ms. Ramcharan said the DOI sent employees to the rural areas that flooded in Tennessee following the flood event. She said they have found senior centers to be an excellent resource in rural communities. Ms. Ramcharan said the senior centers are usually open to the DOI visiting to talk with them and to provide materials and brochures.

Mr. Allen said the California DOI has a community relations and outreach branch. He said this group holds forums, roundtables, or outreach events virtually or in person in every county in California. Mr. Allen said they use community centers, businesses, chambers of commerce, and other nontraditional areas to try to get information out to consumers. He said he was going to share the report and information presented today with the community relations and outreach branch. Ms. Cude said this is helpful, as one of the first steps is to collect best practices.

Ms. Baker said Texas has a program for their coastal wind pool that does outreach to consumers. She said this program was created by statute. The program has one dedicated employee who spends a great deal of time attending meetings on the coast,

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attending city council meetings, and attending meetings at the libraries. Ms. Baker said this person also provides outreach when there is a storm, as well as fielding complaints. She said she would share this information with the Working Group.

Karrol Kitt (University of Texas at Austin) said that while communicating information following disasters is important, consumers also need information to help them with protecting their assets. Ms. Cude said once contact is made with the community-based organizations, it would be helpful to ask the organization what it needs to know to better serve its constituents. She said it might be a train-the-trainer model that works.

Bonnie Burns (California Health Advocates) said most people do not understand their insurance policy until they have to use it. She suggested that DOIs could teach people how to read policies of various types.

Having no further business, the Transparency and Readability of Consumer Information (C) Working Group adjourned.

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