August 26, 2019

Via e mail to jcook@naic.org

Richard Wicka, Chairman
NAIC Life Insurance Illustrations Issues (A) Working Group

Dear Chairman Wicka/ Members of the Working Group:

This letter will provide comments of the National Association of Insurance and Financial Advisors (NAIFA) with respect to the activities of the NAIC Life Insurance Illustrations Issues (A) Working Group in carrying out its charge to “Explore how the narrative summary required by Section 7B of the Life Insurance Illustrations Model Regulation (#582) and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.”

Founded in 1890 as The National Association of Life Underwriters (NALU), NAIFA is one of the nation’s oldest and largest associations representing the interests of insurance professionals from every Congressional district in the United States. NAIFA members assist consumers by focusing their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. NAIFA’s mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members.

While NAIFA has been monitoring the Working Group’s calls and meetings, we have not actively engaged with the Working Group as it works through the process of carrying out its charge. Our purpose in commenting today is to emphasize to Working Group members and interested parties the important role that the professional agent plays in the disclosure and consumer education regime that is at the heart of the Working Group’s efforts. The reason I am writing at this time is because I have increasingly noticed that little if any of the Working Group’s discussions have included the role of the agent and the contributions that agents can and do make in educating consumers and guiding them along as they move through the process of selecting the right product for their individual situations.
Narrative summaries, policy summaries, buyer’s guides and policy overviews may all have their place in providing the consumer with needed information and helping the consumer decide which policy to purchase. However, none of these tools can replace the kind of hands-on, individualized advice and guidance that knowledgeable, professional agents provide to their clients day in and day out. Written (or on-line) documents are passive materials that cannot have a conversation with a consumer or discern what information might help resolve a consumer’s confusion or misunderstanding. For this reason, it is perhaps not as important that the Working Group focus on the timing of when the policy overview should be provided. In addition, another factor that the Working Group should keep in mind is that the earlier in time the policy overview is required to be provided, the more generic, and less helpful to the specific consumer, the information contained in the overview will need to be—which further highlights the importance of the professional agent to this process.

Without the involvement of an agent—if the consumer relies solely on the written materials provided-- it is unlikely that he or she will have the information and guidance needed to make the right decision in light of the consumer’s unique circumstances, regardless of when the policy overview document is provided.

Thank you for considering our comments. If you have any questions, please feel free to contact me at gsanders@naifa.org.

Sincerely,

Gary A. Sanders
Counsel and Vice President, Government Relations