



Center for Insurance Research

Comments of the Center for Economic Justice and the Center for Insurance Research

To the NAIC Retirement Security (A) Working Group

Regarding the Working Group's Proposed Work Plan

December 3, 2019

CEJ and CIR offer the following comments on the proposed work plan of the Retirement Security Working Group. While we support the three prongs of the NAIC's Retirement Security Initiative – education, consumer protection and innovation – we urge the working group to focus on activities for which insurance regulators have particular expertise and can best leverage that expertise. Accordingly, we suggest the working group replace Education activities 1, 2, 3 and 5 with:

Partner with educators and other organizations on research and education related to Americans' savings and financial practices.

Inventory and review consumer information, education and disclosures in NAIC life insurance, annuity and long-term care models related to retirement security and recommend improvements and coordination as needed

We don't believe it is a good use of NAIC or insurance regulatory resources to engage in research or education campaigns on issues outside of regulators' purview and for which many other organizations with relevant expertise are engaged. We are also concerned that Education activities 1, 2, 3 and 5 will demand amounts of the working group's time and NAIC resources disproportionate to the value for consumers and at the expense of other important activities in the proposed work plan.

On Consumer Protection, the life insurance industry can provide valuable products to assist Americans with retirement security if those products provide good value and are sold fairly. Currently, there is no information regarding the value of life insurance and annuity products as measured by traditional benefit (claims) ratios. In contrast, we see regularly the loss ratios – and, consequently, aggregate average value to consumers – of most types of property/casualty insurance and health insurance. Developing and publishing benefit ratios

and/or the cost of insurance will better enable consumers to see the value of insurance products. For example, when a consumer buys an auto or home insurance policy, they pay a premium and therefore know the cost of the insurance protection they are receiving. When a consumer buys, say, an indexed life insurance policy, that policy provides important insurance protections, but the cost of those protections is not currently available to the consumer. We suggest the following additional activity to the Consumer Protection group:

Develop methods and metrics to assess the cost and benefits of life insurance, annuity and long-term care insurance products.

We support the other activities listed under Consumer Protection and Innovation and Education activity 4.