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October Nickel, Idaho DOI Senior Market Conduct Analyst & Examiner
 Chairwoman, Life & Annuity MCAS Blanks Expert Review Group
 NAIC Market Conduct Annual Statement Blanks (D) Working Group
 c/o Tressa Smith, NAIC Senior Market Conduct Analyst via tesmith@naic.org

Dear Ms. Nickel & Members of the Review Group:

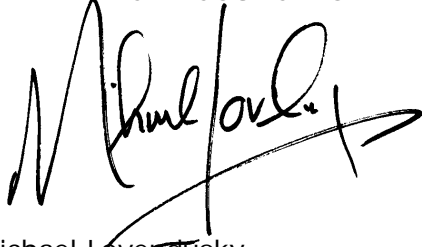
The ACLI is evaluating proposals to add new lines in the MCAS. The ACLI contributes the following to help distinguish Final Expense from Preneed life insurance:

Final expense	Preneed
Not a product line	Product uses 1980CSO mortality table
It's a whole life policy marketed as final expense	Whole life insurance policies are used to prepay a funeral under a contingent assignment
Separating policies sold as final expense would be unworkable for companies that sell a variety of plans that fall into whole life and marketed for other purposes	
Average face amount is \$6,500	Average face amount is \$5,400
Policies have cash value	Policies have cash value
Policy pays beneficiary who at the time of death can assign all or part of the proceeds to a funeral home	Policies are contingently assigned to the funeral home at the time of application
Policies are level benefit plans – no growth	Policy has discretionary growth to keep up with funeral costs
Policies are paid for life or 20 years	Policies are single pay or multi-pay. Multi-pay policies are paid over 3, 5, 7, 10 or 20 years and become paid up upon end of payment period
Different lapse, surrender, and cancellation ratios	Lapse and surrender ratios are very low.
Different "Not Taken Out" (NTO) ratios (i.e., policies canceled during Free Look Period).	High percentage of single premium policies – no NTO
Lower mortality than preneed	
Premiums are lower and paid for life	Premiums vary according to age of insured and payment period
Sales/ claim benefits differ – Sale is based on family need and affordability/claim is usually filed by beneficiary	Sale presentation involves funeral home preneed contract/claim is filed by funeral home. 98% of death claims are paid to a funeral home.

The ACLI is soliciting the participation of member company experts in the Life & Annuity MCAS Blanks Expert Review Group, and also considering whether there might be a more rationally systematic way of identifying new life insurance and annuity lines for inclusion in the MCAS. Thank you for your consideration of the information in this letter.

Sincerely,

THE AMERICAN COUNCIL OF LIFE INSURERS

A handwritten signature in black ink, appearing to read "Michael Lovendusky". The signature is stylized with a large initial "M" and a long horizontal stroke at the end.

Michael Lovendusky
Vice President & Associate General Counsel