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May 28, 2021

The Honorable Mark Afable  
Commissioner of Insurance, State of Wisconsin  
Chair, NAIC Accelerated Underwriting (A) Working Group

The Honorable Grace Arnold  
Commissioner of Commerce, State of Minnesota  
Vice Chair, NAIC Accelerated Underwriting (A) Working Group

*Sent via email to: Jennifer R. Cook, Sr. Health & Life Policy Counsel, NAIC Government Relations*

**Re: Comments Regarding Draft Part 1 of the Accelerated Underwriting White Paper**

Dear Mr. Afable & Ms. Arnold:

On behalf of the American Council of Life Insurers (ACLI), thank you for the opportunity to comment on the draft Section 1 of the Life Insurance Accelerated Underwriting White Paper (White Paper). ACLI has followed closely the activities of the Working Group since its inception and we applaud the extensive collection of information and the open nature of its deliberations. ACLI believes the White Paper is off to a sound start, and directionally we support its content. ACLI concurs that any recommendations around accelerated underwriting should be “fair, transparent and secure.”

ACLI also takes this opportunity to highlight the importance of the NAIC to be as consistent as possible in its terminology and definitions when there are multiple workstreams examining related issues. Understandably, the increasing use of technology by insurers and producers is of great interest to regulators. We share your commitment to consumer protection and the application of existing legal requirements pertaining to fair trade practices and unfair discrimination. In our view

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 95 percent of industry assets in the United States.

this process is aided by the use of carefully considered and widely understood definitions of key terms such as “artificial intelligence”, “predictive analytics”, “unfair discrimination” as well as “accelerated underwriting”. Once developed, these terms can then be used consistently across all workstreams.

ACLI is generally supportive of the definition contained in the White Paper. It accurately reflects how many life insurers are using algorithms and predictive modeling to modernize and improve the underwriting process for the benefit of both consumers and insurers. We ourselves are still studying this issue and may suggest minor edits at a future date. Many companies combine “traditional” and “non-traditional” underwriting methods such as: utilization of a computerized algorithm that incorporates long-standing inputs such as motor vehicle records, prescription drug records and information from the Medical Information Bureau (MIB). This illustration may raise different issues from those raised by an underwriting framework or method that uses a less traditional input factor, such as information from a trackable, wearable device. Below are some additional points of feedback that we hope are helpful.

1. There seems to be more concern than practical reality warrants regarding the current use of non-medical data in accelerated underwriting (AU), in particular social media and behavioral data.
2. Based on the programs evaluated, the draft seems to imply that underwriters look at all AU outputs and human underwriters make the final decision in all cases. We find a wide spectrum of human underwriter activity in this space, but we believe new trends may not always have human intervention and review ahead of the final UW decision.
3. The terms “traditional underwriting” and “unfair discrimination” are not clearly defined. Perhaps the paper would benefit from a glossary of defined terms at the beginning of the document. There may be other terms that are defined elsewhere in NAIC model laws or regulations.
4. The recommendation discussing “correlation” and “causation” is somewhat confusing. We recommend the drafting Subgroup review the Society of Actuaries material which sets forth a clear description of these concepts in the context of underwriting.
5. On Page 2 of the Paper, the description of “simplified issue” sounds more like “guaranteed issue.” Typically, simplified issue would also collect at least applicant self-disclosed medical history.
6. Under “What is Accelerated Underwriting,” we suggest the following:

Paragraph 2, sentences 2 and 3

“Life insurance underwriting is the process of classifying applicants into risk categories to determine **eligibility and/or** the appropriate rate to charge for transferring the financial risk associated with insuring the applicant. Traditional life insurance underwriting involves, **among other things,** assessing the applicant’s physical health, usually through **answers to questions on an application,** blood work, ~~urine analysis~~ **urinalysis,** ~~doctor’s notes~~ **medical records,** and a physical exam.”

Page 3, paragraph 1, sentence 2:

“Examples of the variables **and /or sources of variables** used by some accelerated underwriting models include:”

Page 3, paragraph 3, use of underwriter feedback:

We suggest expanding to underwriting and actuarial input (paragraph 3 page 3)

Page 3, paragraph 5, sentence 1:

“For companies **and for applicants**, the accelerated underwriting process...”

7. Under “General Discussion of Issues and Recommendations,” we suggest the following:

Paragraph 1, sentence 3:

We suggest deleting “advanced,” since what constitutes as “advanced” may be subjective.

Paragraph 3, sentence 1:

“For example, a high-income individual ~~is perceived as someone who~~ **has may statistically be likely to receive** excellent medical care.”

8. Under “Recommendations,” bullet 6, we suggest the following:

It would be helpful to place some reasonable parameters around the information that might be requested.

We appreciate the deliberative process of the Working Group in developing the initial components of the educational paper and requesting stakeholder feedback. We are hopeful our comments will improve its accuracy. We also hope the drafting Subgroup continues and even expands its outreach to all stakeholders in order to develop this paper jointly from the ground up. Given the complexities and variances around accelerated underwriting, it may be wise at the present time to focus more on recommendations and process than on existing conditions and trends.

Thank you again for the opportunity to comment on the White Paper. The drafting Subgroup has produced excellent work, and ACLI and our member companies look forward to reviewing and providing input on future iterations of the paper. As always, please let us know if there is specific information we can provide in furtherance of this project.

Sincerely,

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| <br>David M. Leifer | <br>Gabrielle Griffith |
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