

TO: Jennifer Cook, NAIC

FROM: Brenda J. Cude, NAIC Consumer Representative

*Brenda J. Cude*

RE: Request for Comment and Feedback on the work of the Life Insurance and Illustrations Issues Working Group

DATE: August 8, 2021

I write to offer my thoughts on the two questions posed in your July 28, 2021 email.

### **Question 1**

1. Do you support the development of a short policy overview document for the working group to achieve its charge?

**Yes** I support development of this product. Consumers are inundated with information and it is difficult for them to discern what is important. I see little likelihood that regulation will require a truly readable life insurance policy or that companies have incentives to produce a truly readable policy on their own. Therefore, a policy overview document that follows a prescribed format will 1) assist consumers in discerning what information is important and 2) facilitate consumer comparison of important information across policies. This approach models the required Summary of Benefits and Coverage for health insurance.

I would, however, recommend that a title be added to the sample document to help consumers understand the document's purpose and importance. One such title might be "Life Insurance Policy Overview" or "Policy Overview for [name of policy]."

The impact of the requirement also would be greater if a standard format were developed for insurers to use. This also would reduce the time insurers have to invest to prepare a policy overview.

### **Question 2**

- 2a. Do you prefer the revisions to Model #580 using the current delivery requirement in the model? Why or why not? (Refer to DRAFT April 20, 2021 (Current Delivery Requirement) 1-A).

My understanding of this is that the current delivery requirement would allow delivery of the policy overview with the policy for some policies (those with an unconditional refund provision of at least 10 days). **I would oppose this revision** for reasons explained in 2b below.

- 2b. Do you prefer the revisions to Model #580 requiring delivery of the policy overview at the time of application? Why or why not? (Refer to DRAFT April 20, 2021 (At Application) 1-B)

**I support this revision based on several points.**

- 1) Consumers make the psychological commitment to purchase a policy at the time of the application. It is cognitively and psychologically difficult for them to consider information provided after the application, and thus, the information provided at that time is likely to be ignored.
- 2) With the electronic delivery methods and on-demand printing options now available to agents and consumers, delivery at any time or place is feasible.