



August 9th, 2021

Marlene Caride, Commissioner, New Jersey Department of Banking & Insurance, Chair
NAIC Life Insurance & Annuities (A) Committee

Submitted Via email to jcook@naic.org

RE: Life Insurance Illustrations Issues (A) Working Group

Dear Chairwoman Caride & Members of the Committee:

The National Association of Insurance and Financial Advisors (NAIFA) purpose in commenting today is to emphasize to the Working Group members and interested parties the significant role that the professional agent plays in the disclosure and consumer education regime that is at the heart of this effort. We would like to recognize the efforts of the Working Group over the years and applaud the inclusion of agent information on the draft summary documents. These continued efforts and the Working Group's discussions have better 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. However, we do have some continued concerns regarding the proposed policy overview documents.

QUESTION 1

1. Do you support the development of a short policy overview document for the working group to achieve its charge? Yes or No.

Answer: No, the short policy overview document does not meet the Working Group's charge of enhancing consumer readability and understanding of life insurance policy documents.

Narrative summaries, policy summaries, and policy overviews are only one tool in providing the consumer with information during the policy purchasing process. None of these can replace the hands-on, individualized advice and guidance that knowledgeable and professional agents provide to their clients day in and day out. Written (or online) 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.

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 necessary information and guidance needed to make the right decision considering the consumer's unique circumstances, regardless of when the policy overview document is provided.



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 20th, 2021 (Current Delivery Requirement) 1-A)

Answer: Keeping in mind that the earlier the policy overview is required, the more generic and less helpful it will be to the specific consumer. This underscores the importance of the professional agent to this process and that a more personalized summary provided after the underwriting process is preferable.

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

Answer: No. NAIFA does not prefer updating model#580 to require the policy overview at the time of application. A generic document would contradict the model's stated goal, which is to "improve the buyer's ability to select the most appropriate plan of life insurance for the buyer's needs and improve the buyer's understanding of the basic features of the policy that has been purchased or is under consideration." Additionally, NAIFA is concerned about which elements would be included in the policy summary under "key policy features and benefits" for products more complex than the Term Life Sample provided. There are many reasons and strategies that a prospective buyer and financial advisor may elect to add life insurance to a financial plan or protection portfolio. These may not be in line with generic "key benefits" listed, thus creating confusion and possibly undermining the professional advice of the producer.

Additional Comments

NAIFA supports the continued work of the workstream and its efforts to improve the life insurance sales process through clear and consistent sales materials, that continue to place the agent as the primary sales representative. We are happy to continue our efforts and offer our members perspective on the best timing and content to life insurance illustrations and related materials.

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

Sincerely,

A handwritten signature in black ink that reads "Maeghan Gale". The signature is written in a cursive, flowing style.

Maeghan Gale
Policy Director, Government Relations