



NATIONAL ALLIANCE OF LIFE COMPANIES

An Association of Life and Health Insurance Companies

August 9, 2021

Commissioner Marlene Caride
Chair, Life Insurance and Annuities (A) Committee
National Association of Insurance Commissioners
Kansas City, Missouri

Re: Life Insurance Illustrations Issues Working Group

Dear Commissioner Caride:

This letter is submitted on behalf of the National Alliance of Life Companies (the NALC), an association of more than fifty (50) life and health insurers and associates with a focus on the concerns of small and mid-sized life and health insurers and their policyholders. Many of our members play a significant role in the sale of pre-need and final expense insurance to address the needs of American families. The NALC appreciates the opportunity to respond to the Life Insurance and Annuities (A) Committee's (the A Committee) request for comments on two questions concerning the work of the Life Illustrations Working Group (the Working Group).

While we appreciate the considerable time and effort spent by the Working Group examining current policy disclosure requirements and sample policy summaries to identify inadequacies or deficiencies, this review found that current model regulations and disclosure requirements are working well for policyholders. The NALC, therefore, does not support further efforts by the Working Group to develop either a "short policy overview document," or the proposed changes to Model #580, and see no reason to develop additional supplemental materials.

An additional concern involves interfering with the relationship between the agent and consumer and possible confusion that could result. The agent plays a critical role assisting the consumer to select the product that best suits the consumers' needs. We believe consumers are far better served by discussing their needs and policy options with their agent, rather than requiring that agents spend time reading a prepared script and sharing multiple written summaries. This approach that encourages give and take between the consumer and their agent that has worked for the benefit of consumers for generations. If we treat these transactions like an advertisement for a pharmaceutical product with myriad confusing communications, we will deprive consumers of the opportunity to have a real conversation with their agent about their insurance needs and options.

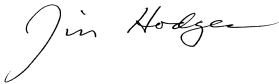
The Life A Committee posed two questions to stakeholders. The first involved whether we supported the development of short policy overview documents for the Illustrations Working Group to meet its charge. The short answer is no. We believe an extension of current discussion regarding illustrations for indexed annuity life insurance to term life insurance would not be beneficial to consumers. That effort would involve an expenditure of regulatory resources that could be more effectively deployed elsewhere, likely resulting in confusing, lengthy supplemental materials that would complicate the process of selecting the right insurance option for consumers. Additionally, there is little doubt that significant litigation will arise around the manner in which the supplemental disclosures were provided. Ultimately, these factors will lead to less conversation between agents and consumers about insurance needs, and more focus on reading the contents of a checklist of documents.

The second question posed involved proposed revisions to Model #580 and the delivery requirement for the Model. The NALC opposes both proposed changes. Proposed option 1-A is unnecessary as consumers are already protected by the free look period during which any questions concerning cost or coverage can be clarified.

Likewise, we also oppose option 1-B. Requiring supplementary disclosures or illustrations to the consumer at the time of application would be inappropriate and not beneficial to consumers. Providing disclosures and illustrations before the underwriting process has been completed and costs have been determined would not provide meaningful information and would only serve to confuse the consumer.

Thank you again for the opportunity to respond.

Sincerely,

A handwritten signature in cursive script that reads "Jim Hodges".

Jim Hodges
Executive Director