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Vice President & Associate General Counsel

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Marlene Caride, Commissioner, New Jersey Department of Banking & Insurance, Chair  
NAIC Life Insurance & Annuities (A) Committee  
c/o Jennifer Cook, Senior Life & Health Counsel, NAIC  
via [jcook@naic.org](mailto:jcook@naic.org)

RE: Life Insurance Illustrations Issues (A) Working Group

Dear Chairwoman Caride & Members of the Committee:

The American Council of Life Insurers (ACLI) commends the efforts of the Life Insurance Illustrations Issues (A) Working Group over the last four and a half years and respectfully recommends that you recognize the accomplishments of, receive a final report from, and retire the Working Group. This letter explains the basis of the ACLI recommendation and concludes with suggestions about how to address any lingering considerations, if necessary.

The Working Group substantially explored how the narrative summary required by Section 7B of the Life Insurance Illustrations Model Regulation and the policy summary required by Section 5A(2) of Life Insurance Disclosures Model Regulation might be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers. Years of time and energy were invested by participating regulators and interested parties in explorations.

The ACLI believes the working group explorations were a success. No regulator found fault with the sample policy summaries provided by ACLI members to the working group in 2016; the reasons for the traditional business practice of providing consumer disclosures at time of policy delivery – and especially the importance of the Free Look Period – were remembered; and the importance of agents and financial advisors in helping consumers select the most appropriate plan of life insurance and explain policy features was appreciated anew. Hence the ACLI believes that the Working Group succeeded in its charge and should not move forward with its current effort to devise “policy overviews” for Term, Whole, and Universal Life insurance policies. Currently, two, alternative Term Life Insurance Sample Policy Overviews are exposed for consideration. Neither alternative policy overview is likely to promote consumer readability and understandability of any type of life insurance policy.

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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 94 percent of industry assets in the United States.

With this opinion, the ACLI joins Birny Birnbaum of the Center for Economic Justice (who for years has criticized the benefit of any policy overview produced at the time of policy delivery) in concluding that the exposed Term Life Insurance Sample Policy Overview Post-Underwriting (i.e., at Time of Delivery) will not, on top of existing disclosures, promote consumer readability and understandability of the policy.

However, the ACLI also does not support development of the alternative, exposed Term Life Insurance Policy Overview at Time of Application. This concept will not improve the ability of a consumer to select *the most appropriate plan of life insurance for the buyer's needs* in the absence of an agent, broker or advisor; or improve the buyer's understanding of the *features of the policy that has been purchased*.<sup>1</sup> Rather, such a document is likely to confuse rather than assist consumers, as it will lack personalized information for the consumer due to its timing. For more background, see ACLI Letter to NAIC Life Insurance Illustrations Issues (A) Working Group (11/15/19) [here](#).

Should the Committee believe that further consideration of consumer disclosures is needed, the ACLI recommends that the NAIC undertake its traditional approach to review any concerns raised by members or interested parties, namely, an objective fact-finding and study. The ACLI would welcome the opportunity to review objective evidence that any serious problem may exist and evaluate it against the manifest success of life insurance policy disclosures based upon the existing, successful model regulations. The current NAIC consumer disclosure paradigm – respected by the regulators in all the states – has been in place for decades. During that time, millions of life insurance policies have provided billions of dollars of value to their purchasers and beneficiaries.

In such circumstances, the ACLI will gladly contribute information and empirical knowledge to any further study by the Committee. If a serious problem is found, we will certainly work with you to rectify it. Thank you for your consideration.

Sincerely,



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C: NAIC Life Insurance Illustrations Issues (A) Working Group

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<sup>1</sup> Italicized comments quote the NAIC *Life Insurance Disclosure Model Regulation* § 2A (“Purpose”).