

January 15, 2014

The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Dear Secretary Pritzker:

We write on behalf of the National Association of Insurance Commissioners (NAIC) regarding the provision included in the Bipartisan Budget Act of 2013¹ directing the Department of Commerce to restrict access to the Social Security Administration's Death Master File (DMF) to only certified persons and to develop a certification program to facilitate such access. As the Department works to implement this provision, we want to highlight some critical insurance regulatory matters for consideration and encourage the prompt development of a certification system.

The NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

One of the fundamental tenets of our state-based insurance regulatory system is the protection of insurance policyholders. While Congress's restrictions on access to the DMF are important privacy protections to prevent fraud and identity theft, we believe the law should be implemented in a manner that balances those privacy protections with policyholder protections that have been enacted in state law or regulation or otherwise implicated in settlements among certain states and certain life insurers.

Life insurers have a legitimate business purpose for DMF information. Life insurers are able to use the DMF to identify deceased policyholders, which enables them to attempt to notify beneficiaries of policy proceeds that can be a great benefit to grieving families in a time of uncertainty. Several recent state laws and regulations require life insurers to check their lists of in-force life insurance policies and retained asset accounts against the DMF and notify beneficiaries of the existence of identified policies and the need to submit a claim. For example, nine states² have enacted laws requiring life insurers to consult the DMF for cross-reference purposes at specified intervals. In addition, several state insurance regulators, coordinating through the NAIC, are currently investigating the country's top life and annuity insurers and many states have adopted multistate settlements with certain life insurers, which require insurers to access and cross-reference the DMF on a monthly or quarterly basis.

¹ Sec. 203 of H.J. Res. 59

² Alabama, Kentucky, Maryland, Montana, Nevada, New Mexico, New York, North Dakota, and Vermont.

Consequently, life insurers will need prompt and uninterrupted access to the DMF in order to be compliant. We greatly appreciate the Department's decision to maintain uninterrupted access to the DMF until the formal certification program is established. As the certification program is developed, we strongly urge the Department to ensure that the new program is not overly burdensome to life insurers such that it would effectively act as a bar to their access to the DMF, thereby undermining an important policyholder protection.

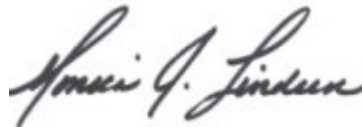
We look forward to coordinating with the Department to ensure a smooth transition period and a prompt development of a certification process to ensure that state insurance regulators can continue to advance critical consumer protection efforts. Should you wish to discuss this matter, please do not hesitate to contact Ethan Sonnichsen, Director of Government Relations, at (202) 471-3980 or Mark Sagat, Counsel and Manager, Financial Policy and Legislation, at (202) 471-3987.

Thank you for your consideration.

Sincerely,



Commissioner Adam Hamm
NAIC President and
North Dakota Insurance Commissioner



Commissioner Monica Lindeen
NAIC President-Elect
Montana Office of the Commissioner
Of Securities and Insurance



Commissioner Michael F. Consedine
NAIC Vice President
Commissioner
Pennsylvania Department of Insurance



Commissioner Sharon P. Clark
NAIC Secretary-Treasurer
Commissioner
Kentucky Department of Insurance



The Honorable Ben Nelson
Chief Executive Officer, NAIC

cc: Carolyn W. Colvin, Acting Commissioner, Social Security Administration