



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

March 5, 2006

The Honorable Richard Shelby
Committee on Banking, Housing & Urban Affairs
534 Dirksen Building
Washington, DC 20510

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Dear Senator Shelby:

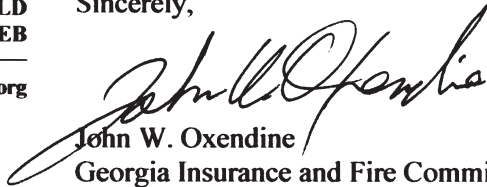
State insurance officials share your commitment to combat those who prey on the financial security of our military personnel, and to provide the men and women in the Armed Forces with the highest level of consumer protection. With this goal in mind, the NAIC held its annual Commissioners' Conference in early February, and discussed the development of suitability standards for life insurance products sold to military personnel. Since our initial response to you, the following two advancements have been made to address suitability standards for life insurance products:

- State insurance commissioners formally charged the NAIC's Life Insurance & Annuities Committee to explore the appropriateness of developing specific suitability standards for life insurance sales to military personnel and, if appropriate, to develop such standards.
- The NAIC's Life Insurance & Annuities Committee also is modifying the *Senior Protection in Annuity Transactions Model Regulation* to ensure the consumer protections in this model apply to all individuals regardless of age. The current model applies to senior consumers who are 65 years of age or older.

Life insurance with a side fund is one of the most common life insurance products being sold to military personnel today. We are actively reviewing life insurance sold with a side fund and will recommend a position on the products being offered in the marketplace.

The NAIC will continue to collaborate with the Department of Defense as we address these issues. As we proceed, the states will continue to enforce existing unfair trade practices standards, which prohibit the misrepresentation of the benefits, advantages, conditions or terms of any policy. Thank you for working with us to protect the men and women whose sacrifice and commitment protect us.

Sincerely,



John W. Oxendine
Georgia Insurance and Fire Commissioner



Alessandro Iuppa
NAIC President

Cc: Senator Paul S. Sarbanes, Ranking Member