

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Life Insurance and Annuities (A) Committee Aug. 12, 2025, Minutes

Life Insurance and Annuities (A) Committee July 14, 2025, Minutes (Attachment One)

Life Insurance and Annuities (A) Committee April 30, 2025, Minutes (Attachment One-A)

Draft Pending Adoption

Draft: 8/18/25

Life Insurance and Annuities (A) Committee
Minneapolis, Minnesota
August 12, 2025

The Life Insurance and Annuities (A) Committee met in Minneapolis, MN, Aug. 12, 2025. The following Committee members participated: Judith L. French, Chair (OH); Doug Ommen, Co-Vice Chair (IA); Carter Lawrence, Co-Vice Chair, represented by Bill Huddleston (TN); Mark Fowler (AL); Anita G. Fox (MI); Eric Dunning (NE); Justin Zimmerman (NJ); Amanda Fenwick (NY); Glen Mulready (OK); Elizabeth Kelleher Dwyer represented by Matthew Gendron (RI); Cassie Brown represented by Rachel Hemphill (TX); Scott A. White (VA); and Nathan Houdek (WI). Also participating was: Nour Benchaaboun (MD).

1. Adopted its July 14 Minutes

Director French said the Committee met July 14 and took the following action: 1) adopted its April 30 (Attachment One-A) and Spring National Meeting (*see NAIC Proceedings – Spring 2025, Life Insurance and Annuities (A) Committee*) minutes; 2) adopted a package of 2026 *Valuation Manual* amendments, including amendment proposal form (APF) 2025-04, effectuating the generator of economic scenarios (GOES), and APF 2025-11, a principle based reserving framework for non-variable annuities; 3) adopted *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG ReAAT).

Director Fox made a motion, seconded by Commissioner Zimmerman, to adopt the Committee's July 14 minutes (Attachment One). The motion passed unanimously.

2. Adopted the Report of the Life Actuarial (A) Task Force

Hemphill said the Life Actuarial (A) Task Force met Aug. 9–10. The Task Force discussed comments received on the potential retrospective application of *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities. The discussion considered whether any retrospective application should be optional or required. Hemphill explained that this was an initial discussion of the issue, and further discussion is planned.

Hemphill said the Task Force also discussed the model governance framework for the GOES. Hemphill said NAIC staff continue to improve the model governance framework document based on comments received and subsequent discussion. Hemphill said that given the importance of the GOES, the Task Force remains committed to developing and maintaining a robust model governance framework.

The Task Force also discussed comments received on the exposed targeted revisions to the additional disclosures section of *Actuarial Guideline XLIX-A—Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest* (AG 49-A). These targeted revisions were to address an issue identified by an informal group of regulators, where multiple historical averages were shown in tables side-by-side with the maximum illustrated rate. These "historical averages" were sometimes based on backcast or simulated historical performance despite indices having only been recently created. The comments received suggested primarily clarifying edits, and the Task Force re-exposed the revisions to AG 49-A for a public comment period ending Sept. 8.

Hemphill said the Task Force discussed templates that could be used as part of reporting for AG ReAAT. The templates were exposed for a public comment period ending Sept. 8.

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Gendron made a motion, seconded by Commissioner Ommen, to adopt the report of the Life Actuarial (A) Task Force. The motion passed unanimously.

3. Received an Update on the Annuity Suitability (A) Working Group

Commissioner Ommen said the Annuity Suitability (A) Working Group exposed a revised draft safe harbor guidance document dated Aug. 7 for a comment period ending Sept. 22. The Working Group plans to schedule a meeting to discuss any comments received.

Commissioner Ommen explained that the Committee will achieve its priority to develop annuity suitability enforcement training. The annuity best interest training course is being held in conjunction with the Insurance Summit on Sept. 17. The training will include three classroom sessions in the morning, covering: 1) annuities generally; 2) the *Suitability in Annuity Transactions Model Regulation* (#275); and 3) producer training. The morning classroom sessions are designed for all insurance department regulators, including examiners, investigators, and attorneys, and will be available virtually. The afternoon session includes practical deposition skills training for attorneys and investigators.

Commissioner Ommen reminded the Committee of its priority to develop an administrative enforcement reporting system, significantly driven by the need to publish annuity best interest cases. In addition, administrative law reporting would improve consistency in interpretation across the model laws. Westlaw requested funding for 2026 to include administrative law decisions. Lexis has not responded to inquiries, and NAIC staff plan to continue communicating with them. Additionally, NAIC staff plan to arrange a discussion between the chairs and vice-chairs of the Life Insurance and Annuities (A) Committee and the Market Regulation and Consumer Affairs (D) Committee to discuss whether modifications to the Regulatory Information Retrieval System (RIRS) might address some of the issues identified. The plan is to complete the project by the end of the year.

4. Heard an Update on the CIPR and SOA Project on the Use of Criminal History in Life Insurance Underwriting

Kelly Edmiston (NAIC) gave an update on the Center for Insurance Policy and Research (CIPR) and Society of Actuaries (SOA) project on the use of criminal history in life insurance underwriting. The SOA had started on a research project to better understand the current landscape and the link between criminal history and mortality and longevity. The SOA contracted with an independent actuary, David Shraub (David Schraub Actuarial Consultancy), to run the project. The CIPR subsequently joined the project and will be contributing significant funding. Edmiston said he will work with Schraub on the research and ensure that the interests of the NAIC and the Life Insurance and Annuities (A) Committee are well represented. Edmiston said he is also conducting a literature review on criminal history and its use in life insurance underwriting. There is a project oversight group (POG) to monitor the research and make suggestions to ensure quality outcomes. The project contemplates three sets of surveys: 1) to data providers; 2) to reinsurers; and 3) to insurers. A survey has been sent to data providers, and the project is awaiting responses. The next step is to consider ways to incentivize data providers to respond.

Peter Kochenburger (Individual Consumer Advocate) asked whether the focus of the study was on the effect of incarceration and criminal history on morbidity, or if the study also looked at how criminal history is used in a variety of other life insurance functions. Edmiston said the focus is on mortality and morbidity. Edmiston said that criminal history and incarceration are very different and considered separately.

Kochenburger said that in his experience as someone who has conducted research, a research survey is not likely to get many responses. This points to the importance of having regulators conduct a survey, which could ask for the additional information that was contained in the now-disbanded Special (EX) Committee on Race and

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Insurance's Life Workstream draft survey. Even if a survey conducted by an insurance department is voluntary, it is more likely to get responses.

5. Heard a Presentation from SAGAA on Fair Access to Life Insurance for Individuals Living with HIV/AIDS

Jonah von der Embse (Sexuality and Gender Alliance of Actuaries—SAGAA) gave a presentation on fair access to life insurance for people living with HIV/AIDS. He said the most important thing when talking about HIV/AIDS is to understand the beginning, present, and future. The first cases started in 1981 and spread to hundreds by the end of the year. By 1987, tens of thousands of people in the U.S. had contracted HIV, which then progressed into AIDS. Life expectancy at the time was two years.

The SOA convened a task force to focus on the crisis in the life insurance industry at the time. It concluded that anyone with HIV was essentially uninsurable. That was nearly four decades ago, and that conclusion has never been re-addressed. At that time, several bioethicists in the *Journal of Insurance Medicine* stated that a blanket coverage denial was only justifiable while life expectancy remained dramatically low.

In the mid-1990s, antiretroviral therapy (ART) was introduced, and mortality rates dropped. Mortality has decreased by 80% since 1995, and there has been a further 50% drop since 2010. What started as a death sentence has moved toward a chronic condition. There is an increasing number of treatment options for people with HIV/AIDS.

At the federal level, there have been a number of protections enacted to protect people with HIV/AIDS, such as the Americans with Disabilities Act (ADA), the Fair Housing Act (FHA), and the Affordable Care Act (ACA), adding protections for people with HIV status. However, these protections do not always exist at the state level.

Nearly 1.2 million people are living with HIV. Even though new infections have decreased, there are more and more people with HIV because of the dramatic increase in life expectancy. The current HIV population skews toward the LGBTQ+ community and minority groups but affects people across the country. Additionally, nearly two-thirds of those with HIV are virally suppressed or undetectable. This means that they are actively receiving treatment and can no longer spread HIV to other individuals.

Despite all the improvements in treatment and a growing and aging population of people living with HIV, the options for life insurance for this population remain limited at best. This can be attributed to two key issues: 1) the historical and persistent stigma around people with HIV; and 2) outdated pricing relying on historical mortality data. Individuals with HIV are stigmatized in many ways. In some states, people with HIV have to be registered as sex offenders. Less than half of adults in a recent poll said they would be comfortable interacting with someone living with HIV. One of the questions asked if the person would be okay shaking hands, and less than half of those polled said yes. Even with all the medical advances, there is still significant stigma to overcome. An individual with HIV, age 40, in treatment taking ART has less than a year difference in life expectancy than a 40-year-old without HIV.

The HIV population is one of the most well-studied and followed populations, and nearly every insurer has access to public data that could be used to supplement any of its own information to realize that, with accurate underwriting, the mortality impact on people living with HIV can be accurately assessed instead of being automatically denied.

However, there has been some positive movement. In 2015, Prudential became the first company in the U.S. to offer term life insurance. Guardian followed shortly after and offered a permanent whole life product. A few companies offer coverage to people living with HIV, generally with a requirement for the usage of ART or their

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CD4 cell count. California became the first state to pass a law prohibiting the denial of life insurance to California residents solely based on HIV status.

California's law is a reaction to a market that is not functioning in accordance with normal supply and demand principles. There is a population and the data, but there is no access to the data that the population needs. The Actuarial Standards of Practice (ASOP) No. 12 states that risk classification is reasonable when based on sound actuarial principles and related to actual or reasonably expected experience. However, based on society's values, it is accepted that many companies put people living with HIV into an uninsurable category without going through a full underwriting process.

SAGAA believes that it is appropriate for regulators and legislators to intervene when an insurance market is not functioning appropriately, such as when it is not operating in accordance with the principles of supply and demand. Some argue that the market is not broken because there are some options available for people living with HIV, life insurance is a voluntary marketplace with underwriting to reduce anti-selection, and legislation will lead to forcing life insurers to insure everyone. On the other hand, insurers are using historical data that is not reflective of medical advances, which means they are denying coverage to a population that has faced historical stigma and barriers and had federal intervention to provide protections. Since the population skews toward the LGBTQ+ community and minority groups, further intervention may be justified.

In looking at how to move forward, SAGAA has focused on gathering volumes of experience studies and data about all the mortality and morbidity trends. SAGAA has also focused on providing industry education and awareness through individual company presentations and presentations at SOA meetings. SAGAA is working as hard as it can to spread this message. However, if things do not change, the next steps to pursue include regulatory action, model laws, or legislation similar to what was passed in California.

Von der Embse said that, in the early years of HIV/AIDs, life expectancy was virtually nothing, giving this population a death sentence with diagnosis. Decades have passed, and now people with HIV can live long and healthy lives. Yet, as an industry, people living with HIV are not afforded the options they deserve based on their true mortality risk. He said anyone who wants to see a longer version of this presentation or obtain additional information can email www.sagaactuaries.org.

6. Heard a Presentation from Ladder on Direct-to-Consumer Life Insurance Sales

Commissioner Houdek introduced Cara St. Martin (Ladder) to give a presentation on direct-to-consumer life insurance sales. Commissioner Houdek explained that the Wisconsin Department of Insurance (DOI) has been particularly interested in learning how consumer protection standards and compliance protocols are used in the online distribution channels.

St. Martin explained that Ladder was founded in 2015 and is a direct-to-consumer online life insurance company. Ladder's chief executive officer (CEO) lost his father when he was a young boy. His father had life insurance, and he appreciated the financial security that insurance provided to his family. As an adult, he decided that life insurance should be accessible to everyone, and he had the idea for Ladder.

St. Martin explained that Ladder is a third-party administrator (TPA), a distributor, and a life insurance company licensed in California. It is a digital company that offers basic term life insurance to consumers in all 50 states. Ladder provides life insurance for individuals aged 20 to 60, with term lengths ranging from 10 to 30 years. Coverage is offered in face amounts between \$100,000–\$8,000,000, with no medical exams up to \$3,000,000. All policies are fully underwritten using traditional underwriting sources to complete the accelerated underwriting (AU) process.

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Ladder applicants answer a few questions and receive an instant decision. Applicants either receive an instant offer, an instant decline, or an explanation that they may need to go down the manual underwriting path. Ladder is self-service oriented, and all policy and disclosure documents are available in a client portal. The experience is designed to be online, and the content is specifically designed to be viewed using a phone or computer. Ladder complies with all ADA requirements, including font size and color contrast.

St. Martin explained how Ladder ensures consumer understanding. Ladder offers a number of tools, including frequently asked questions (FAQs), blogs, and an insurance calculator on their website. In addition to the tools on the website, Ladder has a customer service team that consumers can contact.

St. Martin said that often, people think that applying for insurance online is a game and will make up information to see what happens. Consumers do not believe there is anything behind just filling out the application, but Ladder's AU rules are based on its underwriting manual, which is designed to mimic a human underwriter. The application flow asks reflexive follow-up questions. For example, follow-up questions if a consumer answers "Yes" to the question "Do you smoke?" include: "What do you smoke?" and "How much do you smoke?" If the consumer says they are diabetic, the application will ask follow-up questions about how it is being treated.

Ladder offers instant quotes that include disclosures that the quote is just an estimate, and the price may change after completing the full application process. The quote is generated based on a limited number of questions. Ladder obtains the consumer's authorization to underwrite using traditional data (e.g., prescription drug history, medical history, data from the Medical Information Bureau (MIB Group), motor vehicle records, and criminal history). The authorization explains the type of information that may be collected, the purpose for collecting it, and the consumer's right to revoke the authorization. Ladder does not use nontraditional data like shopping habits, biometrics, or social media. All authorizations are signed electronically and kept in the client's portal, where they can access them.

Financial underwriting also takes place, and if someone does not meet the financial guidelines, they might be offered a policy with a lower face amount. Ladder prioritizes giving people options. If a consumer has gone through the process and has been presented with an offer, they have the ability to toggle to see how much a lower face amount policy will lower their premium or see how much the premium will increase if the face amount of the policy is increased. Another feature of Ladder is the ability to lower or "ladder" down your policy's face amount after you have purchased the policy. However, if a consumer wants more insurance, they have to apply. St. Martin said this ability to "ladder" is important to consumers and has contributed to Ladder's high net promoter score (NPS), which is a consumer satisfaction metric based on the answer to the question "On a scale of 1 to 10, how likely are you to recommend Ladder to a friend or colleague?" Ladder has a score of 86, and the industry average is 30.

Kochenburger asked whether Ladder's underwriting considers arrests or only arrests followed by a conviction. St. Martin said the application asks whether the applicant has been convicted or charged with a felony or a misdemeanor, and then, depending on the answer, asks reflexive questions. St. Martin said Ladder has had some interesting experiences with people applying for insurance right before they go to prison or while in prison.

Director Fox asked if Ladder is a licensed carrier in California, and what happens to consumers from other states. St. Martin said Ladder is a licensed carrier in California only, but Ladder is a distributor for other carriers in all 50 states and the District of Columbia. St. Martin stated that consumers are matched with a carrier based on their distribution channel, but they will always receive a policy from a carrier licensed in their state of residence. Director Fox asked about a consumer's ability to ask questions throughout the process and whether there is a record of answers on which the consumer may be relying. St. Martin said that consumers can call or email Ladder if they have questions. Questions are answered by Ladder's customer service team, housed in a ticketing system, and attached to that individual consumer. Director Fox asked how a question about how to use the calculator

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would be addressed. St. Martin said the customer service team would instruct them on how to use the calculator. Director Fox asked how a customer would change their beneficiary. St. Martin said that once customers have a policy, they would be instructed on how to do that. St. Martin said any customer service representative in the administrative system would be able to see when a customer called or emailed, what they asked, and what response they received.

Benchaaboun asked for clarification about how Ladder works with respect to a state with prior approval, such as Maryland. Would a Maryland consumer applying on Ladder's online portal receive a Maryland or California policy? St. Martin said if a customer fills out the application and indicates they are in Maryland on the application flow, they would be issued a Maryland policy that has been approved by the Interstate Insurance Product Regulation Commission (Compact) and includes all the required Maryland forms. Consumers are not provided with the company's name during the application process, which is largely the same in most states except Florida and New York.

Commissioner Houdek asked if Ladder plans to expand into other life insurance products beyond term life, such as whole life. St. Martin said Ladder has talked about it, but it has no plans to offer products other than term life at this time. Gendron asked whether customers are potentially paying more than they would have had they gone through medical underwriting if Ladder issues a \$3,000,000 policy without a medical exam after answering a few health-related questions and an MIB search. St. Martin said they would not pay more under the AU process.

Commissioner Zimmerman asked if Ladder does underwriting in states other than California. St. Martin said Ladder does underwriting as a TPA for the carriers in other states. Commissioner Zimmerman asked how laddering works. St. Martin explained that during the policy term, the consumer can go into their client portal and choose a lower face amount and "ladder" down the policy, and the premium will adjust. They will be issued a new schedule page. It is the same product, just with a new face amount. However, there is no "laddering" up. In order to increase the face amount, the consumer has to reapply.

Director Fox asked how consumers can judge a company's rating if they do not know the company's name when applying for coverage. She asked if the minimum standards for the companies that Ladder works with are advertised. St. Martin explained that different distribution channels get matched with different insurers. Some distribution channels advertise certain insurers and their ratings; otherwise, the consumer would have to look it up. Director Fox asked at what point the consumer learned the insurance company's name in the process. St. Martin said that after the application flow, the insurance company's name is on the offer, so they will know who the carrier is before policy issuance.

Benchaaboun asked whether, when a product a consumer applied for is either denied or rated through the AU process, there is an option to go through traditional underwriting, limited underwriting, or any other options. St. Martin said that if a consumer is denied or rated, they will get an adverse underwriting notice. The notice may include information about other possible options, not necessarily through Ladder, but through another provider that Ladder may or may not have a relationship with. Benchaaboun asked who a consumer who had been denied or rated by Ladder could complain to. St. Martin said a consumer who wanted to complain about an adverse underwriting decision would complain to the insurance department in the state where they reside. The insurance department would go to the carrier licensed in their state, and the carrier would contact Ladder as the TPA to provide the underwriting information that is the basis for the adverse underwriting decision.

Having no further business, the Life Insurance and Annuities (A) Committee adjourned.

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Life Insurance and Annuities (A) Committee
Virtual Meeting
July 14, 2025

The Life Insurance and Annuities (A) Committee met July 14, 2025. The following Committee members participated: Judith L. French, Chair (OH); Doug Ommen, Co-Vice Chair (IA); Carter Lawrence, Co-Vice Chair (TN); Mark Fowler (AL); Anita G. Fox (MI); Eric Dunning (NE); Justin Zimmerman (NJ); Adrienne A. Harris represented by William B. Carmello (NY); Glen Mulready (OK); Elizabeth Kelleher Dwyer (RI); Cassie Brown represented by Rachel Hemphill (TX); Scott A. White (VA); and Nathan Houdek (WI). Also participating was Fred Andersen (MN).

1. Adopted its April 30 and Spring National Meeting Minutes

The Committee met April 30 and March 25. During its April 30 meeting, the Committee took the following action: 1) discussed next steps for issues formerly under the Special (EX) Committee on Race and Insurance's Life Workstream; 2) heard an overview of the Life Workstream's work; 3) and discussed the Society of Actuaries (SOA) Research Institute's project on the use of criminal history in life insurance underwriting.

Commissioner Lawrence made a motion, seconded by Commissioner Mulready, to adopt the Committee's April 30 meeting minutes (Attachment One-A) and Spring National Meeting minutes (*see NAIC Proceedings – Spring 2025, Life Insurance and Annuities (A) Committee*). The motion passed unanimously.

2. Adopted 2025 Valuation Manual Amendments

Hemphill said the Life Actuarial (A) Task Force adopted 15 amendments to the NAIC *Valuation Manual* (VM) this year. The majority of them were smaller clarifications, corrections, or updates for consistency. Several other amendments made narrow, incremental enhancements to specific aspects of valuation and nonforfeiture requirements. Two amendments were the result of two significant long-term efforts: 1) to update to the NAIC-prescribed generator of economic scenarios (GOES) and 2) to introduce a new principle-based reserving framework for non-variable annuities, or VM-22. Hemphill provided an overview of these changes and their project histories.

Hemphill discussed the GOES project. Hemphill explained that principle-based reserving and capital rely on the ability to project assets and liabilities across a sufficiently wide range of economic scenarios, including remote but plausible economic scenarios. This is needed for principle-based reserving and capital standards for life insurance, variable annuities, and non-variable annuities.

Hemphill said the need to find a replacement for the GOES was triggered in 2017, when the American Academy of Actuaries (Academy) notified the NAIC that it did not have the resources to maintain and make necessary updates to the prescribed GOES. Subsequently, in 2019, the Financial Stability (E) Task Force noted a potential deficiency in the current GOES, as it did not capture the risk of "low-for-long" or negative interest rates. This kicked off a process over 2019–2020 to select a vendor to maintain a replacement GOES. The request for proposal (RFP) drafting and selection process included open calls and exposures with active participation from interested parties. Conning was selected. In 2021, a GOES drafting group was formed so that subject matter experts (SMEs) could advise regulators on technical aspects needed to get to an initial field test, which took place from mid-2022 to mid-2023. In late 2023, a formal subgroup of the Life Actuarial (A) Task Force was formed to support implementation, develop acceptance criteria, and provide a model governance framework for the new GOES.

Hemphill said in late 2023, work continued to develop acceptance criteria, based on an original proposal from the Academy, with revisions based on comments from regulators and interested parties, as well as discussion on public calls. An updated calibration was developed in late 2023 to reflect these new criteria. Also in late 2023, based on input from interested parties, the Life Actuarial (A) Task Force updated the acceptance criteria to include both targeting criteria and evaluation statistics, to address that while there is a limit to how many criteria Conning can effectively explicitly target in the calibration process, there are additional statistics that should be reviewed for reasonability in any scenario sets. In early 2024, the NAIC shared results and insights from model office testing. At this time, the subgroup also made key modeling decisions, including selecting the treasury/equity correlation approach proposed by the industry, an updated equity criterion, and the Conning corporate model. After these decisions, Conning recalibrated the GOES. The Life Actuarial (A) Task Force also made refinements to the criteria based on comments received.

Hemphill said that during 2024, a second field test was conducted, companies presented their results in regulator-only sessions, and the calibration was refined based on the field test results and industry input. Modifications included revisions to the equity calibration, interest rate flooring mechanism, and initial yield curve fitting methodology. After these modifications, model office testing was performed to confirm the impact of the refinements, and the results were shared on public calls. Final revisions were selected in early 2025, including selecting an industry proposal for deterministic reserve modification.

Hemphill explained that, at this point, the *Valuation Manual* amendment proposal form (APF) 2025-04 was drafted and exposed. Finally, the APF, including a three-year optional phase-in of the impact of the GOES update, was adopted by the Life Actuarial (A) Task Force on June 12 and is included in the packet of *Valuation Manual* amendments being considered.

Hemphill described the history of VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, explaining that the discussions on moving to a principle-based reserving framework for non-variable annuities have been ongoing at some level since the discussion, development, and move to principle-based valuations. Hemphill described five primary motivations for this move: 1) extending the existing principle-based framework for consistency between fixed annuities and variable annuities, as well as life products; 2) product innovation has introduced greater optionality for non-variable products, and there is a greater need for a reserve methodology that appropriately captures the risks in these products; 3) flexibility in the principle-based reserving framework will allow future products to be more appropriately reserved; 4) significant activity in the pension risk transfer (PRT) market over the last several years makes these reasons more pressing; and 5) non-U.S. jurisdictions moving to a principles-based framework may encourage companies to reinsure a business that is not reserved on a principle-based framework.

Hemphill noted that while there were earlier discussions around a principle-based reserving framework for non-variable annuities, the current project really began with the initial exposure in 2021 of a draft VM-22 that was largely based on the current VM-21, Requirements for Principle-Based Reserves for Variable Annuities, with changes as necessary for product differences. Many public calls with detailed, technical discussions among regulators and interested parties based on that initial draft led to a second exposure in late 2022. In mid-2023, a standard projection amount (SPA) framework for VM-22 was exposed, with comments being discussed in late 2023. The SPA uses assumptions based on industry averages to identify outliers in company assumptions.

Hemphill said that at the end of 2023, the reporting requirements were exposed, and comments and updates were made in 2024. In the second half of 2024, the VM-22 field test was conducted, and the aggregated results were discussed on public calls in early 2025. At that point, final decisions were made for key issues, including

allowing aggregation between accumulation and payout products, a more moderate reinvestment guardrail, and making the SPA nonbinding, with the intention to enhance disclosures and requirements for company support. Finally, VM-22, including a three-year optional implementation period, was adopted by the Life Actuarial (A) Task Force on June 18 and is included in the packet of *Valuation Manual* amendments being considered.

Hemphill made a motion, seconded by Commissioner Ommen, to adopt the *Valuation Manual* amendments except for 2025-11 (VM-22) (see *NAIC Proceedings – Summer 2025, Executive and Plenary Committee, Attachment One*). The motion passed unanimously.

Hemphill made a motion, seconded by Commissioner Lawrence, to adopt *Valuation Manual* amendment 2025-11 (VM-22) (see *NAIC Proceedings – Summer 2025, Executive and Plenary Committee, Attachment One*). The motion passed, with New York voting in opposition.

3. Adopted AG ReAAT

Hemphill explained the history of *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG ReAAT). In February 2024, the Life Actuarial (A) Task Force received a memorandum from several regulators recommending asset adequacy testing (AAT) for the assets that support reinsurance transactions. Some states had already begun requiring this type of reporting.

Hemphill explained that state insurance regulators confirmed the need to better understand the number of reserves and the type of assets supporting long-duration insurance business that relies substantially on asset returns. In particular, there is a risk that domestic life insurers may enter reinsurance transactions that materially lower the number of reserves and thereby facilitate releases of reserves contrary to the interests of their policyholders.

Hemphill explained that throughout the process, the goals of AG ReAAT have been to: 1) provide regulators with what is needed to review the reserves and solvency of life insurers; 2) steer clear of conflict with reciprocal jurisdiction and Covered Agreement issues, and 3) avoid unnecessary work for U.S. ceding companies where there is immaterial risk.

The original discussions following receipt of the memorandum took place in February 2024. A preliminary draft responsive to the memorandum was discussed but not exposed at that time. However, the Life Actuarial (A) Task Force received very helpful feedback that allowed the approach to be improved. The following month, the Task Force exposed key questions for reinsurance asset adequacy testing (ReAAT) for public comment, along with a background presentation and sample wording. Those comments were then discussed, and updates based on the feedback were made, followed by an exposure of key concepts and a template. After these first six months of public discussion, input, and revisions, an initial draft actuarial guideline (AG) was exposed in August 2024. This was a very careful process to ensure that there was no exposure that could potentially be adopted before key issues were discussed.

After that first exposure, there were four additional exposures between October 2024 and the adoption of the guideline by the Task Force on June 5. Each of these exposures had a corresponding public comment period, robust discussion, and updates to the draft. One key decision made early in this process was to focus on a disclosure-based approach to ensure U.S. regulators received adequate information to effectively supervise their domestic companies, while avoiding certain potential issues or questions regarding the Covered Agreements or reciprocal jurisdictions. There was robust discussion on key areas, including scope, aggregation, and the use of “similar memoranda.” Some non-U.S. reinsurers presented to regulators on existing reporting and how it could function

as similar memoranda under the AG. Hemphill said that proactive engagement from reinsurers was critical to ensuring that U.S. regulators meet the goal of receiving the information needed to be able to effectively supervise their domestic companies.

Hemphill said she has personal experience reviewing several of these types of disclosures. Texas is one of the states that has required similar reporting in advance of AG ReAAT reporting. Hemphill said the reporting and the subsequent discussions with companies have been tremendously informative. Hemphill said some parties have commented that the baseline run in AG ReAAT is restricted, and Hemphill agreed that it can seem that way if viewed in isolation. However, in the overall framework of the AG, and based on Hemphill's first-hand experience reviewing such filings, the baseline run is one piece of the narrative and not the entire narrative. From a practical perspective, regulators need a common view, a baseline. Since reinsurance agreements are often bespoke, it makes the most sense for that baseline to be restrictive before wading into areas that warrant additional discussion or support.

Hemphill explained that AG ReAAT allows for an alternative run with justification that may reflect additional dedicated or available assets beyond the post-reinsurance reserves or excluded assets. Hemphill shared that one review involved the presence of funds that withheld assets in excess of the post-reinsurance reserve plus a reasonable allowance for capital. After reviewing support, Hemphill was able to take into consideration and find comfort from that alternative run, but the baseline run still allowed the reviewer to better understand the reliance on specific safeguards the company may have been negotiating in that transaction.

Andersen said that the exercise and review of cash flow testing is a big reason the life insurance industry has fared so well through economic cycles and the fall and rise of interest rates. It answers the question of whether there will be enough cash flows to pay future claims in various scenarios. Andersen said this is an important protection for U.S. policyholders. However, with certain reinsurance deals, a potential gap in this protection was identified, and regulators have worked since early last year to fix this gap.

Andersen said, in discussing this issue with the Life Actuarial (A) Task Force, Committee members, and insurers and reinsurers, there seemed to be widespread consensus to fix this gap so states can get the information needed to appropriately protect U.S. policyholders. Discussions involved a lot of collaboration with industry and consumer advocates, and like with most issues at the NAIC, several compromises were made, such as 1) the Task Force agreed with industry comments to pursue a limited, most value-added scope, which should impact around 100 treaties industrywide instead of the 1,000 originally contemplated; 2) relaxed guidance on the types of assets to use in this disclosed modeling resulted from feedback in one of the last Task Force discussions, and wording in Section 3F of AG ReAAT was drafted by industry to reflect the results of the discussion that was based on an industry request and was seen as being an adequate compromise; and 3) allowance of a similar memorandum was agreed on based on an industry request. Andersen emphasized that this concept could be an alternative to the standard documentation guidance contained in Section 9 of the AG ReAAT.

Andersen said a key concession was made to an industry request for the AG to be disclosure-only. This means the filings will contain information that regulators need. But there is a commitment that if findings warrant NAIC-coordinated action, it would require future changes that would be worked out in NAIC public sessions. This commitment is spelled out in Section 5B. There is no plan for negative results to mean that NAIC-coordinated action will take place. Andersen said that any findings would be the start of a conversation with the company, like what Texas has been doing. Thanks to the limited scope, there will be time to have these conversations, better understand context, and listen to the company's story.

Andersen reiterated that the plan is to collect and review this information, and there are no planned steps beyond that. If most of the information looks satisfactory, it may end there. If there is an outlier case or two, those will be

handed off to the domestic regulator. If it is determined there is an issue beyond a few outliers to address, we will reconvene public discussions and determine next steps in discussions involving interested parties. Andersen said the result is that for large treaties relative to a company's size, where business moved to an entity where cash-flow testing is not required to be submitted to state regulators, the reserve amount being held will be tested for adequacy by the U.S. ceding company, and analysis and underlying assumptions will be disclosed to state regulators. The new AG ReAAT will encourage further, helpful interaction between states and other jurisdictions. This guideline has been the result of 15 months of frequent coordination with the industry and other interested parties and a lot of give-and-take, leading to a balanced product.

Director French asked to confirm that there is no scenario where results from the disclosures could automatically result in standard setting. Rather, if there seemed to be a need for it, there would have to be a reopening and a full public process before anything more specific could take place. Anderson confirmed that her understanding was correct. Director Dunning said he appreciates the close attention that is being given to U.S. obligations under the Covered Agreements and that no steps are being taken today to obligate any further action absent affirmative action by this Committee.

Karalee Morell (Reinsurance Association of America—RAA) said that the RAA continues to have some concerns related to whether this current proposal implicates the Covered Agreements. Morell referred to the RAA's comment letter (Attachment One-B). The RAA believes that there continues to be some conflicts with this proposal, even on a disclosure-only basis. The RAA's concerns are restricted to those jurisdictions that have an in-force Covered Agreement.

Scott Harrison (National Alliance of Life Companies—NALC) said that NALC submitted a comment letter (Attachment One-C) raising concerns about reciprocal jurisdictions. Harrison said the NALC appreciates the collaborative approach taken in the development of AG ReAAT and the efforts taken to reduce redundant work and the burden on smaller and mid-sized companies, many of which are NALC members. However, the NALC remains concerned about the status of reciprocal jurisdictions and requests that those reinsurance treaties in reciprocal jurisdictions be exempt from the requirements under the AG ReAAT.

Jigar Gandhi (Swiss Re) said that while he appreciates his colleagues at RAA, Swiss Re is domiciled in Switzerland, which is not covered under an in-force Covered Agreement. Swiss Re opposes any changes to the AG ReAAT that would pick and choose which jurisdictions AG ReAAT would apply to. Swiss Re supports the adoption of AG ReAAT as proposed and opposes the creation of an unlevel playing field.

Peter Gould (Retired) shared his perspective on AG ReAAT as an annuity owner and consumer with a personal interest in the issue. Gould said he purchased annuities to provide retirement income he could not outlive. Gould hopes AG ReAAT would establish guardrails to protect consumers, something that Benjamin Lawsky, superintendent of the New York Department of Financial Services, proposed in 2013. If this had been done in 2013, the 92,000 people with PHL Variable Life Insurance Company policies would not be holding an empty bag today. Gould shared that during the Life Actuarial (A) Task Force meetings, he pushed for guardrails or, short of that, the inclusion of a statement of intent to establish guardrails upon analysis of the 2025 annual reports under AG ReAAT.

Gould said, while AG ReAAT is disclosure-only, or as an industry lobbyist put it, an educational exercise, something is better than nothing, and at least the elephant in the room is finally being acknowledged. Gould said he will continue to advocate for the establishment of guardrails.

Gould then responded to the arguments made by RAA in its letter. Gould said that while Covered Agreements preclude U.S. regulators from prescribing operational requirements subject to Covered Agreements, AG ReAAT is

disclosure-only and does not include any prescribed operational requirements. Gould said the argument that no ceding company would want to disclose a deficiency in its reinsurance program is exactly why departments of insurance are charged with regulating the insurance industry. Gould said following RAA's logic leads to the belief that it is better to hide the inadequacies from regulated stakeholders and policy owners until the reinsurer implodes. Gould said, as state regulators know from painful experience, deficiencies do not improve with age.

Gould said consumers and most insurance professionals advising them do not understand counterparty risks taken by their insurers or that those risks even exist, nor do they understand how it affects their insurer's viability and claims paying ability. Gould said he has proposed in comment letters and during Task Force meetings, making AAT information available to all stakeholders. It would be easy to establish an AAT grading system and make it available to all stakeholders on the NAIC website. Until guardrails are established and vigorously enforced, consumers who purchase insurance with the expectation that the insurer's contractual promises will be met are placed at risk—a risk that is invisible to them. Gould said, despite his misgivings, it is past time to get to work on AAT and counterparty risk, and at least AG ReAAT is historic. Gould asked the Committee to adopt AG ReAAT and quickly establish guardrails using the data collected. Gould said if Covered Agreements work to the detriment of U.S. consumers by precluding effective regulation of insurers, maybe it is time to abandon Covered Agreements and put the consumer first instead of leaving them holding the empty bag.

Morell said that the RAA is not suggesting anything that would be detrimental to consumers and that the RAA letter speaks for itself.

Director Fox made a motion, seconded by Commissioner Mulready, to adopt AG ReAAT (*see Summer 2025, Executive and Plenary Committee, Attachment Two*) The motion passed unanimously.

Having no further business, the Life Insurance and Annuities (A) Committee adjourned.

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Life Insurance and Annuities (A) Committee
Virtual Meeting
April 30, 2025

The Life Insurance and Annuities (A) Committee met April 30, 2025. The following Committee members participated: Judith L. French, Chair (OH); Doug Ommen, Co-Vice Chair (IA); Carter Lawrence, Co-Vice Chair (TN); Mark Fowler (AL); Anita Fox (MI); Martin Swanson (NE); Justin Zimmerman (NJ); Adrienne A. Harris represented by Amanda Fenwick (NY); Elizabeth Dwyer represented by Matthew Gendron (RI); Cassie Brown represented by Rachel Hemphill (TX); Scott A. White represented by James Young (VA); and Nathan Houdek (WI). Also participating was Michael Humphreys (PA).

1. Reviewed Next Steps for Issues formerly under the Special (EX) Committee on Race and Insurance Life Workstream

Director French explained that the purpose of the meeting was to discuss next steps for issues that have been the purview of the Life Workstream under the Special (EX) Committee on Race and Insurance (SCORI). Since SCORI was created in 2020, the Life Workstream sought to identify potential barriers to access to life insurance for minority and underserved populations in life insurance and how best to overcome those potential barriers. In recent years, the Workstream focused on the marketing, distribution and access to life insurance products in minority communities, including the role that financial literacy plays. Many presentations were heard focusing on ways to improve access to life insurance in underserved communities.

During the 2024 Fall National Meeting, SCORI decided that it would not adopt separate charges for the Committee, and agreed it was time to transition the Workstream's work to the appropriate Letter Committee as part of the NAIC's ongoing activities. The Executive Committee at the Spring National Meeting, voted to conclude the work of SCORI and directed the Committees to consider the status of the Workstreams' efforts and continue the work, as appropriate, to support the NAIC's mission to ensure fair, sound, and stable insurance markets.

2. Heard and overview of the 2025 Life Workstream Work

Commissioner Humphreys said, as co-chairs of the Life Workstream in 2024, he and Commissioner Fowler endeavored to continue with the work of previous years, focusing on the marketing, distribution and access to life insurance products in minority communities, including the role that financial literacy plays. The Workstream finalized the Financial Wellness Resource Guide started in 2023, as well as finalizing an *Endorsement Supporting State Legislation Requiring a Financial Literacy Course as a Prerequisite to High School Graduation*. After completing those efforts, the Workstream continued its focus on marketing, distribution, and access to life insurance products in minority communities, and included looking at criminal history.

Throughout 2024, the Workstream heard a number of presentations exploring the impact of criminal history on an applicant's ability to access life insurance. Most recently, the Workstream identified an interest in learning more about how insurers consider criminal history in life insurance underwriting. The Life Workstream circulated a draft survey asking about insurers' use of criminal history in life

insurance underwriting for a public comment period that ended Sept. 5, 2024. Based on the comments received, a revised chair draft survey was distributed and discussed during a public Webex call on Oct. 17 of 2024.

Commissioner Humphreys said, following the 2024 Fall National Meeting, the Workstream efforts to finalize the survey questions and develop a process for issuing the survey were put on hold pending the transition of SCORI Work to the Letter Committees. Additionally, earlier this year, the NAIC learned that the Society of Actuaries (SOA) Research Institute plans to conduct a study on the use of criminal history data in life insurance underwriting and approached the NAIC Center for Insurance Policy and Research (CIPR) about contributing to the SOA study.

3. Discussed Society of Actuaries (SOA) Research Institute Use of Criminal History in Life Insurance Underwriting Project

Kara Clark (SOA) explained that she is a senior research actuary with the SOA Research Institute, which serves as the research arm of the SOA. The SOA Research Institute provides objective, data-driven research in support of the SOA membership by identifying, predicting and managing various types of risks. Ms. Clark said there are a number of topics that are areas of focus in specific research programs. Clark supports mortality and longevity. Each research program is led by a steering committee that maintains an ongoing and continuously updated list of topics of interest for research consideration, as well as a portfolio of research projects getting feedback. There is also a portfolio of ongoing sponsored research. Usually the topics come in from all members of the committee and then the committee as a body prioritize them for research consideration.

Clark explained that the use of criminal history data in life insurance underwriting came up in the context of developing the list of research topics and prioritizing potential ideas. The project objective is to better understand the current landscape and the link between criminal history and mortality and longevity. Specifically, understanding the available data, what is the content, what is the quality, what is the reliability, understanding how that data is used and understanding the scientific backing of the use of the data. Clark said the output would be to summarize the findings to give some context to criminal history and its impact on underwriting.

Director Fox asked how the research project as designed would attempt to distinguish causation and correlation. Commissioner Ommen asked whether Clark was familiar with the Life Workstream draft survey and what were her thoughts on the survey and whether that kind of survey would be useful as CIPR and SOA look to move forward on this project. Clark responded that she was familiar with the Life Workstream survey.

Clark explained that the current proposal is to conduct the research in four phases. The first phase is to understand the data that is available from third party data providers and query them about the quality and sources of the data they provide. The second phase would likely involve outreach to reinsurers to understand their perspective and how they have evaluated this particular issue. The third phase would likely be informed by the Life Workstream survey and involve interviews with insurers as to how they are taking in data and using it in the context of their operations. With respect to causation vs. correlation,

the current scope of the project does not address that issue directly. Clark explained that there is a specific project oversight group (POG) that helps guide and direct projects. The current POG for this project is aware of the Life Workstream draft survey and would want to leverage it as much as possible. For example, there was some discussion that certain questions in the Life Workstream survey, even though drafted to ask insurers, might work well for the data providers.

Jeff Czajkowski (CIPR) explained that the exact scope of the project is in flux pending final decisions about the involvement of CIPR in the project. Czajkowski said that CIPR has a history of working with the SOA on other research efforts. The director of the SOA Research Institute, Dale Hall (SOA), sits on CIPR Advisory Council and Czajkowski sits on the SOA Research Institute Executive Committee, so there is a partnership that exists between the two organizations.

Czajkowski explained that once SOA approached CIPR about participating in the research project, the request was taken back to the Steering Committee of the CIPR Advisory Council to consider CIPR's potential involvement in terms of time and financial resources. The Steering Committee of the CIPR Advisory Council is made up of one NAIC member from each Zone. Two members of the Life Insurance and Annuities (A) Committee, Oklahoma and Virginia, are also on the Steering Committee and have participated in conversations about this potential project with the SOA Research Institute. The other members on the Steering Committee that have participated in discussions are Alaska and Maine. At this point the Steering Committee has given a "green light" to moving forward with SOA Research Institute on the project.

Kelly Edmiston (CIPR), the policy research manager who would be working on the project for CIPR, shared some of the feedback that the Steering Committee of the CIPR Advisory Council provided during its initial discussions about the project. Edmiston explained that CIPR would contribute financially to the project as well as have direct involvement in the research. Edmiston said the Steering Committee was asking whether the project would get into the "why" criminal history is being used in life insurance underwriting. The project currently focuses on the "how" criminal history data is being used, but not why we would expect criminal history to have an effect on morbidity and mortality, or whether it is incarceration that is the issue as opposed to criminal history. Edmiston suggested that a literature review might be able to address some of the "why" question and would be a topic of discussion with the SOA Research Institute as the project planning continues. He also mentioned that the issue of fairness around using criminal history for underwriting purposes has been raised by consumer advocates.

Edmiston mentioned that the CIPR Steering Committee posed follow-up questions including how the privacy of data would be protected as well as how potential industry bias would be considered. The CIPR Steering Committee also was interested in how answers provided by third party data providers and insurers might be validated. Edmiston explained that the role of the POG in the project is to help guide the research. The researcher is obligated to respond to the questions, comments and concerns of the POG. He said in addition to CIPR participation in the research, there is an opportunity to have additional regulator representation on the POG. He said Philip Barlow (DC) currently is on the POG and there is room for additional regulators. The CIPR Steering Committee and SOA Research Institute plan to meet next week to scope out more of the project details. This is expected to be a six-month project starting as soon as possible and the plan is to provide updates to the Committee as things progress.

Commissioner Lawrence asked about the cost of the project and whether the project would continue without CIPR contribution. Czajkowski confirmed that the estimated cost for the six-month project was \$35,000, to be split between the CIPR and SOA Research Institute Mortality and Longevity Group. Czajkowski explained that a contract still needs to be drafted, and the budget could increase depending on any modifications to the scope of the project. Clark confirmed that, absent CIPR involvement, the SOA Research Institute would still move forward with the project, but likely with a narrowed the scope, possibly limiting the project to just the first phase—reaching out to data vendors. Clark explained that the SOA believes that CIPR involvement will encourage greater levels of participation, which is critical to the success of the project. Commissioner Lawrence said he was not supportive of the project or of NAIC involvement with it. He explained that, setting aside the cost issue, he was concerned about the underlying premise behind the project and what might happen similar to the mission creep associated with the PCMA data call. Lawrence said he understands that individual states might want to pursue a data call of their own, but he is not interested in doing that in Tennessee. Czajkowski explained that the purpose of the Steering Committee at CIPR is to represent the viewpoints of each Zone when it comes together to decide whether or not to participate in a particular project, so the viewpoints expressed at this meeting would be informative to the Steering Committee’s decision-making process.

Commissioner Ommen asked what final product of the research project was contemplated. Czajkowski said that a joint report of the SOA Research Institute, CIPR and the lead researcher hired by SOA, David Shraub (David Schraub Actuarial Consultancy), would be issued. He explained there might be some additional pieces that are wrapped in, like a literature review to look at causality, but the primary product would be the joint report. Ommen said the distinction between correlation and causation has been an issue in insurance for many years and trying to draw data that relates to causation would be very challenging because, in the end, insurance business is really the business of correlation. Ommen asked what was envisioned in terms of data that would support an analysis about causation. Edmiston explained that he was not contemplating collecting primary data through surveys or inquiries to insurers, he was planning to look at work that has already been done that has demonstrated causality between criminal history or incarceration and morbidity and mortality. Edmiston said that he has not done the research yet, but was hopeful that there would be studies that show a relationship between criminal history or incarceration and actual claims. Czajkowski said that collecting data is outside the scope of this project and the idea is to build in some component of looking at causality without slowing down the overall project timeline.

Director Fox said she appreciates the complexity of the issue of the separation between correlation and causation and that is in all the work that we do, but that it is an important concept to address up front. Fox said she thinks of correlation and causation on a continuum, so an awareness of that as data is collected and relied upon is important. Fox said a clear understanding of the scope of the report and what it was intending to look at in terms of correlation and causation is critical so that it can be used appropriately. Fox said it is important to identify what the study can and cannot do, so that regulators understand the limitations along that continuum when we go to rely on information in the report. Edmiston agreed that laying out the issues of correlation and causation is a good way to begin the process. He said correlation is key, but from a fairness perspective causation is important and there are limitations to the degree to which we can understand causation.

Nour Benchaaboun (MD) asked about the three entities involved in the research project: the data providers, reinsurers and insurance companies and how that would represent market share nationally. Clark said that data providers collect the information and then make it available for insurance purposes. The reinsurers are not the direct writers, but we understand they consider this information. And then there are direct writers of insurance. Edmiston explained that these three entities are going to be using the data differently and may also have different perspectives on the necessity of using the data. Peter Kochenburger (Consumer Advocate) said he was very supportive of the SOA Research Institute study, but as Commissioner Ommen had mentioned, he also wondered whether the SOA would be able to ask the types of questions developed by the Life Workstream. He explained that the relationship between criminal history and morbidity was only one question in the Life Workstream survey. He said the other questions in the Life Workstream survey were supported by consumer representatives, such as how insurers differentiated between an arrest that resulted in a conviction and one that did not. He said many of the Life Workstream survey questions were ones that only regulators can ask because of the regulatory interest in the answers and the ability to keep the information confidential. He noted that the Life Workstream survey was optional and urged the Life Insurance and Annuities (A) Committee to continue with the Life Workstream survey without delay, as well as participating in the SOA survey.

Birny Birnbaum (Center for Economic Justice) said that it is important for the life insurance committee to investigate the availability of life insurance. Per capita sales of life insurance are less than one-fourth of levels of 50 years ago although there is no less of a need for life insurance. Birnbaum said studying criminal history is important because policing is racially biased in the United States. Studies have consistently shown communities of color are disproportionately policed relative to other communities, which results in biased criminal history statistics. When these criminal history statistics are run through an insurance criminal history model, this historic discrimination perpetuates. There is a need to examine whether that is in fact happening in insurance. Birnbaum said another issue is the information that is used in criminal history models. He said over the past decade, there was evidence that some modelers were using court filings, regardless of whether the result was a conviction or a dismissal. Birnbaum also said that insurance isn't just about correlation. It is about accurately predicting risk. There are a variety way to develop a correlation that are spurious; that are the result of a confluence of things. For example, the per capita consumption of margarine has a 99% correlation with the divorce rate in Maine. However, no one would find that information actionable. The existence of a correlation is not, in and of itself, sufficient to justify an insurance action. There needs to be deeper dive into the information. Birnbaum said the initiative started in the Life Workstream should continue. He fails to see how the need to investigate issues of race and insurance has lessened; there has not been any improvement in the availability and affordability of insurance for people in communities of color.

David Miller (NLADA Mutual) spoke in support of the comments made by Birnbaum and Kochenburger about the need for and value of both the SOA study and the well-designed Life Workstream draft survey. They both serve important functions. Miller also emphasized the importance of addressing the reasonable correlation-causation question. He said it was important to understand within the broad topic of criminal history and criminal history data, where there might be a relationship and where there might not be. For example, an arrest, verses a conviction, verses incarceration and are likely to have

different effects, as well as different experiences of incarceration itself. Conditions of confinement can vary widely, which is another fruitful and important topic of study.

Commissioner Humphreys shared some additional background regarding how the Life Workstream started looking into the issue of criminal history. In 2024, when the NAIC announced the new Co-chairs of the Life Workstream of the Special (EX) Committee on Race and Insurance, a couple of community groups asked when the NAIC would look at the challenges the justice impacted community faces in trying to access life insurance. The Life Workstream invited representatives from these communities to present and heard examples of individuals who were limited in their ability to purchase policies, whether they were only offered very short term policies, or low face amount policies, denied whole life policies, or were unable to purchase insurance at all. The Life Workstream followed up with an insurance agency that specializes in trying to connect justice impacted individuals with insurance and heard about a number of challenges that agents faced when trying to get individuals a policy. This resulted in the desire to provide regulators with insight into what is happening in their life insurance markets and the Life Workstream survey was drafted. A lot of states do not collect underwriting information and states do not know what factors are used in life insurance underwriting. The Life Workstream survey was intended to look at 1) what criminal history information are insurers using; 2) where are insurers getting criminal history information (third parties or applications)?; and 3) how are insurers using the information? Additionally, many states have “clean slate laws” where criminal history is “wiped away.” Is third-party information being validated and corrected where appropriate? Lastly, the Life Workstream Survey asks the causation versus correlation question. Humphreys said the Life Workstream engaged in a valuable process whereby it identified an issue that deserves examination by the NAIC, whether through CIPR collaboration with SOA Research Institute in its study or by issuing the Life Workstream survey through this Committee or another Committee, like the Market Regulation and Consumer Affairs (D) Committee. He said the issue has been identified and the NAIC needs to continue the work. Humphreys said he believed that, by having developed the Life Workstream survey and working with CIPR and SOA, the conversation can advance and these important issues can be appropriately examined.

David Shraub (David Shraub Actuarial Consultants) is the lead researcher hired by the SOA Research Institute for the project. Shraub pointed out that the Life Workstream draft survey is directed at life insurers, who may not have the information that the survey is seeking. Shraub said the SOA Research Institute project currently plans to seek insight from data providers, reinsurers and insurers, which may provide more insight than just the insurers. He said that the SOA Research Institute project also plans to engage feedback from a consumer group and the American Council of Life Insurers (ACLI). Shraub also clarified that the project will focus on data that is available. Kochenburger mentioned that the mission of the Special Committee on Race and Insurance was to improve access for underserved populations and one-third of Americans has a criminal record, which makes this a very large underserved population.

Director French said the Life Insurance and Annuities (A) Committee needs to decide: 1) whether it is supportive of having the CIPR collaborate with the SOA Research Institute on the use of criminal history in life insurance underwriting project; and 2) whether to move forward with the Life Workstream draft survey at this time. French said her recommendation would be for the CIPR to collaborate with the SOA Research Institute on the criminal history project and report back to this Committee throughout the year and that the Committee would not proceed with the Life Workstream draft survey at this time. French

said that this fulfills Commissioner Humphreys point of keeping the discussion alive. Director Fox asked how much would the Life Workstream draft survey figure into the SOA Research Institute project. She said that deciding whether or not to proceed with the Life Workstream draft survey would be informed by whether or not the SOA Research Institute project would include the Life Workstream draft survey questions. Czajkowski said that the Life Workstream survey will be utilized in the SOA Research Institute project. He could not say that every question would be included, but the idea is to heavily lean on the Life Workstream draft survey and there will be overlap. The details still need to be worked out.

Commissioner Fowler said that he was very appreciative of the Life Insurance and Annuities (A) Committee and of CIPR looking at this issue. He was concerned that the Life Workstream survey might just go away, but he is very comfortable with the approach that Director French articulated. He said he understands the concerns expressed by Commissioner Lawrence, but that he believes this is an area of the market that regulators need to know more about. He said he does not think it is a surprise to anybody that there are justice impacted individuals who might be negatively impacted in the process, but we need to know more about what that actually means. He said that examining the issue did not mean that there was action to take, but that good information is necessary. He said that CIPR involvement in the SOA Research Institute project is a good way for the NAIC to stay involved. He said he appreciates the Life Insurance and Annuities (A) Committee considering this and taking a positive step towards helping regulators understand a little bit more about their markets and be better regulators in the process.

Commissioner Ommen said he supports what Commissioner Humphreys and Commissioner Fowler have said. He said he believes the SOA Research Institute project will be very useful and that the Life Workstream draft survey will be an important part of the project. Commissioner Ommen explained that much of his concern with the Life Insurance and Annuities (A) Committee doing the Life Workstream draft survey has to do with resources. Beyond conducting the survey, there is analysis and while Iowa could contribute resources to doing that, he is enthused that the SOA Research Institute is willing to do this and excited that CIPR also has a vested interest because they bring resources that the Committee doesn't have. Ommen said he respectfully disagrees with his co-vice-chair Commissioner Lawrence. Ommen thinks that the NAIC ought to support the project, he just doesn't think it should be supported directly through the Life Insurance and Annuities (A) Committee.

Director Fox said that after hearing from Czajkowski and others, she is comfortable with CIPR contributing to the SOA Research Institute project moving forward with regular updates to the Committee, and with not proceeding with the Life Workstream draft survey at this time. Director French said that she was not planning to hold an official vote not to take any action, and that the minutes will reflect the various opinions regarding how to proceed. Commissioner Lawrence said that if there was a formal vote he would oppose the CIPR involvement in the project, but if there is no vote he said he was comfortable with the minutes reflecting his opposition. He also registered strenuous disagreement with Birnbaum's comment that policing is racially biased in the United States. He said he is very proud of the Tennessee Department of Commerce and Insurance's role, the Peace Officer Standards and Training Commission, and the Tennessee Law Enforcement Training Academy and the phenomenal job that it does in turning out police that fairly and equitably perform their duties. Commissioner Fowler said he did not hear the comment on bias in policing, but wanted to associate himself with the comments from

Commissioner Lawrence on this point. He said he supervised the Alabama Fire Marshall's office and has 43 sworn state police that report to the Commissioner of Insurance, so he understands Commissioner Lawrence's concerns about this. Commissioner Ommen said he supported Commissioner Lawrence's comment and said that he has not found bias in law enforcement in the state of Iowa

Having no further business, the Life Insurance and Annuities (A) Committee adjourned.

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