

VIA EMAIL TRANSMISSION

April 11, 2021

Commissioner David Altmaier and Director Dean L. Cameron  
Co-Chairs, Special (EX) Committee on Race and Insurance  
National Association of Insurance Commissioner  
1100 Walnut Street, Suite 1500  
Kansas City, MO 6410

**Via Electronic Mail: [knoonan@naic.org](mailto:knoonan@naic.org)**

RE: 2021 Proposed Charges – Special (EX) Committee on Race and Insurance

Dear Commissioner Altmaier and Director Cameron:

The American Property Casualty Insurance Association (APCIA) remains committed to constructive partnership with all stakeholders to advance meaningful solution-driven dialogue aimed at sustainable proposals that benefit all. We look forward to providing specific recommendations to the Special Committee (EX) on Race and Insurance’s proposed charges in the coming days, but offer foundational observations into the deep thinking that we continue to exercise around race and insurance issues.

The societal issues of today are long-standing and have been with our nation in some form since the founding of our Republic. Mellody Hobson, Co-CEO and President of Ariel Investments and Chairperson of the Board for Starbucks describes this period of “time as ‘Civil Rights 3.0’ – 1.0 representing the time after enslaved people were freed by the Emancipation Proclamation, and 2.0 being the 1960s, when societal momentum helped pass the Civil Rights Act and the Voting Rights Act. ‘The difference between then and now, this problem, this issue is at the feet of corporate America,’ Hobson says. ‘Now, corporate America is being held accountable in a very different way than we’ve ever seen before, by people inside the companies, by customers, by the broader society.’” (Michael Ko, “New Starbucks board chair lives, leads with urgency,” March 19, 2021 (quoting Mellody Hobson), available at <https://stories.starbucks.com/stories/2021/new-starbucks-board-chair-mellody-hobson-lives-leads-with-urgency/>).

These are broad and complicated historical issues, so the solutions are not simple and will require time to craft meaningful change. Importantly, these conversations must remain grounded in the core purpose of the insurance industry, which is to enable economic empowerment through sustainable risk transfer and risk mitigation solutions for our customers at a price commensurate with their actual or expected losses. Doing so ensures an equitable cost to each customer while also protecting the solvency of the insurance industry.

That is our core competency as an industry and anything that undermines our ability to deliver that fundamental value proposition also undermines the purpose of insurance.

This means some challenges may not lend themselves to insurance-specific solutions but will require the business community, government partners, and consumer groups to collaborate on holistic approaches that allow all to reach their highest economic potential. It also means that stakeholders will need to thoroughly understand the specific societal problems that need to be addressed and the current applicable regulatory and legal standards before requirements are imposed that could undermine both the fundamental risk-based pricing foundation of insurance and the ability to address the specific problem at issue.

APCIA's Board Working Group on Social Equity and Inclusion Issues meets regularly to discuss these broad societal issues and the role of the insurance industry as well as opportunities to enhance diversity in our own companies and supply chains. APCIA is a founding member of the Insurance Careers Movement, we just concluded another successful joint Diversity Equity and Inclusion conference with the American Council of Life Insurers (ACLI) and Life Insurance Council of New York (LICONY). APCIA worked with Aon's Ward Group and Plus Ulte to develop a Diversity and Inclusion Catalog (DEI Catalog). The DEI Catalog is an anonymized census of DEI policies, programs, and practices of APCIA member companies that will be updated biannually to benchmark and inform our industry improvements. APCIA renews its offer to present the Catalog findings to regulators.

The Draft 2021 Charges of the NAIC's Special Committee On Race and Insurance Reflect much of the broad thinking and wide analysis required for the insurance sector to meaningfully grapple with these issues. The draft would, however, benefit from a wider discussion of its contents with an eye on possible additions or improvements. Economic empowerment issues and strategies, impacting loss costs, and a recognition of the need to receive input from regulators, consumers, and the industry are just a few examples for inclusion.

Thank you for the opportunity to share these thoughts and we look forward to continuing our important partnership with you.

Sincerely,



David A. Sampson