

**NAIC CONSUMER LIAISON**  
**REPRESENTATIVE RECOMMENDATION**  
**TO THE NAIC EXECUTIVE (EX) COMMITTEE**

(Please submit completed request form to Lois Alexander (NAIC) for processing)

**RECOMMENDED BY:** Brenda Cude

**DATE:** August 24, 2013 (see 3/27/15 update below)

**ISSUE:** Smart disclosures combine data with choice engines to sort the data and help consumers make more informed decisions. The data can be about products and companies but they also can be about consumers' personal histories using a product or services. Smart disclosures are becoming prevalent and they help consumer markets work more efficiently as well as increasing transparency.

A smart disclosure in property insurance could, for example, 1) help consumers identify which endorsements meet their needs and find the companies that offer those endorsements, 2) help consumers choose the appropriate deductible by giving them information about the claims they've filed for the past five years, and 3) sort policies based on coverage, narrowing the choices to those that most closely match the information the consumer has inputted about needs.

While there are smart disclosures related to many areas of financial services and in health care and health insurance, they are less available in other lines of insurance. Federal agencies as well as private foundations have facilitated the development of smart disclosures in other areas by holding forums to brainstorm ideas as well as competitions to create smart disclosures. NAIC could follow this model.

**COMMITTEE REFERRAL RECOMMENDATION:**

(A) XXX (B) XXX (C) XXX (D)XXX (E)\_\_\_\_\_ (F)\_\_\_\_\_ (G)\_\_\_\_\_

This issue crosses insurance lines.

**ACTION REQUESTED/CHARGE RECOMMENDED:** Hold a public forum to brainstorm ideas for smart disclosures and determine whether the data are available to build these disclosures and if not what actions could be taken to make the data available. Hold a competition to build smart disclosures for insurance consumers.

**NAIC ACTION:**

**RECOMMENDATION ACCEPTED:** \_\_\_\_\_

**RECOMMENDATION DECLINED:** \_\_\_\_\_

## **Staff Support Feedback**

Staff Support for the Property and Casualty © Committee said Brenda Cude's request would fit under the NAIC Transparency and Readability of Consumer Information (C) Working Group's charge regarding disclosures to develop findings and/or recommended action items to the Committee and to examine approaches to:

1. Systematize and improve presale disclosures of coverage;
2. Increase consumer accessibility to different carriers' policy forms on a presale basis; and
3. Facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms.

## **Status Update**

The Working Group heard presentations regarding Smart Disclosures during the Summer National Meeting. The Working Group will continue to hear presentations and study smart disclosures.

**3/27/15 Update:** We are still hearing presentations regarding Smart Disclosures and are looking at ways the industry, as well as the regulators, can provide smart choices to consumers using publically available data.