

Draft: 10/31/17

Life Insurance and Annuities (A) Committee
Conference Call
October 13, 2017

The Life Insurance and Annuities (A) Committee met via conference call Oct. 13, 2017. The following Committee members participated: Bruce R. Ramage, Chair, and Matt Holman (NE); Dean L. Cameron, Vice Chair, and Donna Daniel (ID); Jim L. Ridling and Steven Ostlund (AL); Stephen C. Taylor represented by Philip Barlow (DC); David Altmaier (FL); Ralph T. Hudgens represented by Justin Durrance (GA); Doug Ommen represented by Lindsay Bates (IA); James J. Donelon (LA); Mike Rothman represented by John Robinson (MN); Maria T. Vullo represented by Mark McLeod (NY); Jillian Froment represented by Laura Miller (OH); Elizabeth Kelleher Dwyer and Matthew Gendron (RI); and Julie Mix McPeak represented by Michael Humphreys (TN). Also participating was: Mike Boerner (TX).

1. Adopted its Summer National Meeting Minutes

Commissioner Altmaier made a motion, seconded by Commissioner Hudgens, to adopt the Committee's Aug. 7 minutes (*see NAIC Proceedings – Summer 2017, Life Insurance and Annuities (A) Committee*). The motion passed unanimously.

2. Adopted its 2018 Proposed Charges

Director Ramage provided an overview of the Committee's 2018 proposed charges. He said the 2018 proposed charges differ from the Committee's 2017 charges in two ways. The first difference is a new charge to "explore ways to promote retirement security consistent with the NAIC's continuing 'Retirement Security Initiative.'" He explained that the reason for this charge is to provide a forum for continued discussions and information-sharing on retirement security. Director Ramage said the second change is the removal of the Unclaimed Life Insurance Benefits (A) Working Group charge, as that group was disbanded at the Summer National Meeting. The remaining charges are continuations of 2017 projects.

Commissioner Donelon made a motion, seconded by Commissioner Altmaier, to adopt the Committee's 2018 proposed charges (*see NAIC Proceedings – Fall 2017, Executive (EX) Committee and Plenary, Attachment ____*). The motion passed unanimously.

3. Adopted the 2018 Proposed Charges of the Life Actuarial (A) Task Force

Mr. Boerner summarized the 2018 proposed charges of the Life Actuarial (A) Task Force. He explained that most of the 2018 proposed charges are the same as the 2017 charges, with the exception of a number of charges that would be added in the event that the Principles-Based Reserving (PBR) Review (EX) Working Group is disbanded.

Commissioner Ridling questioned why the Task Force would absorb these charges rather than the Financial Condition (E) Committee. Mr. Ostlund said the Life Insurance and Annuities (A) Committee decides policy matters and these charges are more operational. Mr. Boerner said the Financial Condition (E) Committee would still be included where necessary.

Director Ramage suggested that because these charges are dependent upon the disbanding of the PBR Review (EX) Working Group, the Committee should hold off on adopting them until if and when the Working Group is actually disbanded. He said that, in the interim, NAIC staff could revisit where the PBR-related charges should most appropriately reside; i.e., under the Financial Condition (E) Committee or the Life Insurance and Annuities (A) Committee.

Director Ramage suggested that the Committee adopt the Life Actuarial (A) Task Force's 2018 proposed charges without the PBR-related additions. He explained that the PBR-related charges can be adopted by the Committee at the Fall National Meeting, if necessary, in time for adoption by the Executive (EX) Committee at that same meeting.

Commissioner Ridling made a motion, seconded by Director Cameron, to adopt the Life Actuarial Task Force's 2018 proposed charges without the PBR-related additions (Attachment One-A). The motion passed unanimously.

4. Adopted the 2018 GRET

Mr. Boerner said that, as in previous years, the Society of Actuaries' (SOA) Committee on Life Insurance Company Expenses submitted its Generally Recognized Expense Table (GRET) analysis to the Life Actuarial (A) Task Force for the upcoming year. He said the SOA followed the same methodology in developing the 2018 GRET as last year for the 2017 GRET.

Director Cameron made a motion, seconded by Commissioner Donelon, to adopt the 2018 GRET (Attachment One-B). The motion passed unanimously.

5. Discussed Issue Identified in Model #613

Director Ramage summarized the issue outlined in the July 26 memorandum from Jennifer Cook (NAIC) to Director Ramage (*see NAIC Proceedings – Summer 2017, Life Insurance and Annuities (A) Committee, Attachment Thirteen*) regarding the *Life Insurance and Annuities Replacement Model Regulation* (#613).

Director Ramage explained that Model #613 defines “existing policy or contract” as “an individual life insurance policy (policy) or annuity contract (contract), in force, including a policy under a binding or conditional receipt or a policy or contract that is within an unconditional refund period.” Section 1B(9) exempts from the scope of the model, “immediate annuities purchased with proceeds from an existing contract,” and then creates an exception to the exemption for “immediate annuities purchased with proceeds from an existing policy.”

Mr. Ramage said a question was presented at the Summer National Meeting of whether there is a need to clarify Section 1B(9) if the intent is to say using proceeds from an annuity to buy an immediate annuity is not a replacement, but using proceeds from life insurance policy to buy an immediate annuity is a replacement. A follow-up question is whether there is a rationale for this differentiation and if the original exemption from the replacement model is intended to be for deferred annuities when they are annuitized.

Mr. McLeod said the New York State Department of Financial Services issued a circular Dec. 8, 2016 (Circular No. 7) specifically including this type of transaction—i.e., cashing out a deferred annuity for an immediate annuity—within the standards set forth in regulations promulgated by the superintendent in connection with the replacement of an individual life insurance policy or individual annuity contract. The circular was issued in response to evidence that certain life insurance agents and brokers and life insurance companies and fraternal benefit societies were not complying with disclosure and suitability requirements when replacing a deferred annuity contract with an immediate income annuity contract.

Mr. McLeod said, in light of this circular in New York, he does not think the correct interpretation of Model #613 should be that using proceeds from an annuity to buy an immediate annuity is not a replacement. The Working Group asked Ms. Cook to review this issue with NAIC Legal Division and provide the Working Group with some possible options for addressing this issue in Model #613.

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

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2017 Fall National Meeting
Honolulu, Hawaii

ANNUITY SUITABILITY (A) WORKING GROUP
Sunday, December 3, 2017
7:00 – 8:00 a.m.

Meeting Summary Report

The Annuity Suitability (A) Working Group met Dec. 3, 2017. During this meeting, the Working Group:

1. Adopted its Summer National Meeting minutes.
2. Reviewed and discussed an initial Working Group chair draft of proposed revisions to the *Suitability in Annuity Transactions Model Regulation (#275)* incorporating a best interest standard of care into the model's existing suitability standards.
3. Heard initial comments, including their concerns, on the draft revisions to Model #275 from stakeholders—state insurance regulators, consumers, insurers, agent and brokers and other industry representatives. Stakeholder concerns, included concerns with the proposed definitions of “best interest” and “material conflict of interest” and also provisions in the draft related to certain consumer disclosures particularly those disclosures related to insurance producer and insurer compensation and material conflicts of interest related to such compensation.
4. Exposed the draft revisions to Model #275 for a public comment period ending Jan. 22, 2018. At the end of the public comment period, the Working Group plans to meet via conference call prior to the 2018 Spring National Meeting to review and discuss the comments received in order to possibly present a draft of proposed revisions to Model #275 to the Life Insurance and Annuities (A) Committee for its consideration at 2018 Spring National Meeting.

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Conference Calls

LIFE INSURANCE BUYER'S GUIDE (A) WORKING GROUP
November 20, 2017 / November 6, 2017

Summary Report

The Life Insurance Buyer's Guide (A) Working Group met Nov. 20 and Nov. 6, 2017. During these meetings, the Working Group:

1. Heard a presentation from NAIC staff on the life insurance information currently on the NAIC website—specifically, on the Insure U microsite—and discussed the possibility of incorporating an online tool into the content already on Insure U.
2. Agreed to continue with a two-track approach:
 - a. Develop a short guide to provide a basic overview of life insurance such that first-time consumers have enough information to ask questions to obtain more detailed information.
 - b. Develop an online tool that allows for a “decision tree” format to allow for a “deeper dive” into certain topics, without becoming too lengthy.
3. Reviewed comments on a draft question-and-answer formatted short guide. After which, the Working Group agreed to use the document currently on Insure U, “10 Things to Know Before Buying Life Insurance,” as a starting point for the content of the short guide. Comments were requested by Dec. 15.
4. Agreed to review an expanded outline for the online tool provided by the Center for Economic Justice (CEJ). Comments were requested by Dec. 31.
5. Agreed to meet via conference call following the Fall National Meeting to discuss any comments received.

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Draft: 11/30/17

Life Insurance Buyer's Guide (A) Working Group
Conference Call
November 20, 2017

The Life Insurance Buyer's Guide (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Nov. 20, 2017. The following Working Group members participated: Mary Mealer, Chair (MO); Teresa Winer (GA); Jana Jarrett and Tynesia Dorsey (OH); and Sarah Neil (RI). Also participating were: Jennifer Lawson (FL); Denise Lamy (NH); and Philip Reyna (TX).

1. Discussed Comments Received on the Short Buyer's Guide.

Ms. Mealer reminded the Working Group that at the conclusion of its Nov. 6 conference call, the Working Group had agreed to proceed with drafting both a short buyer's guide in a question-and-answer (Q&A) format focused on first time purchasers, and a more in depth online guide simultaneously. To move forward with the short guide, Ms. Mealer had asked the Working Group and interested parties to review the Aug. 1 draft short Q&A buyer's guide (short Q&A guide) and submit comments by Nov. 15. The following organizations submitted comments posted on the Working Group's web page: the National Association of Insurance and Financial Advisors (NAIFA); the Life Insurance Settlement Association (LISA); the American Academy of Actuaries (Academy); the American Council of Life Insurers (ACLI) and funded consumer representatives Karrol Kitt (University of Texas at Austin); and Brenda J. Cude (University of Georgia).

a. NAIFA

Ms. Mealer summarized the comments submitted by NAIFA. The NAIFA letter expressed the concern that the short guide, at more than five pages, was too lengthy. The letter said the ideal length would be no more than one sheet of paper containing just enough information to guide interested consumers to additional questions they should ask, or information they could seek. The guide could say that many questions can be answered by a licensed insurance agent.

b. LISA

Michael Kreiter (LISA) said LISA submitted a letter to follow-up to its comments on the Nov. 6 call. Mr. Kreiter suggested including a section titled: "What if my needs change? What options do I have regarding my policy?" He explained that LISA agrees that life insurance is purchased primarily to provide financial and retirement security and, in most cases, should be held to maturity. However, life changes occur that may result in policies that are no longer needed or affordable. He said consumers need to know that they have options to the lapse or surrender of their life insurance policy, including selling the policy through a regulated life settlement transaction. Mr. Kreiter said he appreciated the concern with the length of the short guide, but emphasized the importance of getting this information to consumers prior to purchasing a policy.

c. Academy

Laura Hanson (Academy) summarized the Academy's comment letter following up on the Nov 6 call. She said the Academy is concerned that the Aug. 1 short Q&A guide contains a level of detail that could create confusion—consumers could perceive the document to be complete even though important details are missing. Ms. Hansen said the Academy reviewed the information on the NAIC's Insure U website and concluded that the document titled "10 Things You Should Know Before Purchasing Life Insurance" could be effective as a short buyer's guide. Ms. Hansen said the document provides a great overview of life insurance considerations, and section 5 and section 9 contain easy-to-understand descriptions of nonguaranteed elements. The one-page document is succinct but includes enough detail to prompt consumers to ask for more information on topics that apply to their individual circumstances.

d. ACLI

Emily Micale (ACLI) said the ACLI had submitted a letter with suggested revisions to the Aug. 1 short Q&A guide. She said she is happy to have the ACLI review the "10 Things You Should Know Before Purchasing Life Insurance" and provide feedback if the Working Group decides to consider using it at the short guide.

e. Funded Consumer Representatives

Ms. Kitt (University of Texas at Austin) summarized the comments she and Ms. Cude had submitted on the Aug. 1 short Q&A guide. She said they had made quite a few changes to the short Q&A guide for clarity. She said they also added a question: “What is the Purpose of Life Insurance”, which is not included in the “10 Things You Should Know Before Purchasing Life Insurance.” Ms. Kitt said that she and Ms. Cude would have to review the “10 Things You Should Know Before Purchasing Life Insurance.”

2. Discussed its Next Steps

Ms. Mealer suggested and the Working Group agreed to use the “10 Things You Should Know Before Purchasing Life Insurance” as a starting point for the short guide and asked for comments by Dec. 15. Ms. Mealer said she is hopeful that the Working Group will be able to quickly finalize the short guide so the Working Group can focus on the more in-depth content for the online guide. To move forward with the online guide, Ms. Mealer requested comments on the expanded outline submitted by Mr. Birnbaum and posted on the Working Group’s web page by Dec. 31.

Having no further business, the Life Insurance Buyer’s Guide (A) Working Group adjourned.

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Draft: 11/27/17

Life Insurance Buyer's Guide (A) Working Group
Conference Call
November 6, 2017

The Life Insurance Buyer's Guide (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Nov. 6, 2017. The following Working Group members participated: Mary Mealer, Chair (MO); Teresa Winer (GA); Matt Holman (NE); Jana Jarrett (OH); Dave J. Buono (PA); and Matt Gendron and Sarah Neil (RI). Also participating were: Steve Ostlund (AL); Vincent Gosz (AZ); Perry Kupferman (CA); Dana Wiggins (FL); Tate Flott (KS); Denise Lamy (NH); Philip Reyna (TX); Tanji Northrup (UT); and Barbara Belling and John Kitslaar (WI).

1. Heard a Presentation on Life Insurance Information Found on the NAIC Consumer Website Insure U

Scott Holeman (NAIC) gave a presentation on the life insurance-related information available on the NAIC consumer website Insure U. He explained the website is designed to give consumers easy access to information based on their needs. For example, life insurance tips can be accessed by clicking tabs on the main Insure U page: insurance type, life event or life stage. He explained that information is presented in brief, informative blocks. In addition to general information on life insurance, there are specific articles like, "Life Insurance Considerations for Seniors and Boomers" and a list of "10 Things You Should Know Before Buying Life Insurance." The site also links to the existing buyer's guide and the NAIC's Life Insurance Policy Locator Service.

Ms. Mealer asked whether Mr. Holeman thought it would be possible to integrate the online tool the Working Group is planning to develop into Insure U. Mr. Holeman said he did not foresee it being an issue. Ms. Mealer asked whether activity on the Insure U site is tracked. Mr. Holeman said it is and offered to share data on the most accessed links, as well as the amount of time spent at each link. Brenda Cude (University of Georgia) asked whether there was any way to see who was accessing the links; whether it was individual consumers or the media, for example. Mr. Holeman said the personal information of who visits the site is not tracked.

Birny Birnbaum (Center for Economic Justice—CEJ) asked whether the NAIC evaluates the effectiveness of its website; i.e., whether the NAIC has collected any feedback or conducted any focus group testing. Mr. Holeman explained that the NAIC currently uses the public relations firm FleishmanHillard (FH) to develop and update content on the website. He said FH is an award-winning firm that employs individuals with a wealth of experience in consumer communications. He agreed to ask about the process FH follows in developing content for Insure U and share the information with the Working Group.

Mr. Holeman said the NAIC has partnered with other educational groups in getting insurance information to consumers. The NAIC has partnered with JumpStart, which is a coalition of diverse financial education stakeholders that work together to educate and prepare youth for lifelong financial success. The NAIC also participated in the 2017 Financial Education Funders Forum. He said the Consumer Financial Protection Bureau, part of the National Endowment for Financial Education, has also expressed interest in working with the NAIC.

Mr. Holeman said Insure U will be focusing next on how to motivate young people to plan, especially young people who would rather travel than spend money on insurance. Ms. Winer mentioned that the Actuarial Foundation is an educational organization with which the NAIC may want to consider partnering.

2. Discussed Information Available on the ACLI Website

Emily Micale (American Council of Life Insurers—ACLI) said the ACLI would like to share information that was developed by the ACLI public affairs team, in the hope it will be of assistance to the Working Group. She said the ACLI's public website has a link for consumer information and education, with a category specifically related to the purchase of life insurance.

In addition to the "What You Should Know About Buying Life Insurance" consumer brochure, there are several hyperlinks to specific topics in question and answer (Q&A) format. She said, additionally, there is a link to another PDF document, "Tips for Buying Life Insurance," which provides a one-page, bulleted, educational information related to the purchase of life insurance both "Before Purchase" and "After Purchase."

Ms. Micale explained that the ACLI wanted to share this information with the Working Group as possibly helpful content for the Working Group's ongoing workstreams to simplify the *Life Insurance Buyer's Guide*, while enhancing its consumer readability and comprehension.

3. Discussed Comments from the Academy on NGAs

Gabe Schiminovich (American Academy of Actuaries—Academy) said the Academy has a Non-Guaranteed Elements Work Group that is exploring ways to help improve consumers' understanding of the benefits and risks associated with the non-guaranteed elements (NGEs) found in life insurance and annuity products. He said the work group believes consumers would benefit from the inclusion of a discussion of NGEs in a short buyer's guide, and including the following points would be helpful:

- NGEs—such as indeterminate premiums, cost of insurance charges, expense charges, policyholder dividends, interest rates and indexed interest crediting parameters—are common features found in many life insurance products.
- Products with NGEs offer protection at potentially lower costs or higher benefits than products with fixed (i.e., fully guaranteed) costs and benefits.
- Products with NGEs have the risk that costs could increase or benefits could decrease, subject to guaranteed limits stated in the policy.
- Illustrations, if available during the purchasing process, can be useful tools to help consumers understand a range of possible product performance outcomes.
- Because NGEs are likely to change, the ongoing performance of products with NGEs should be reviewed periodically after purchase to assess the impact of any NGE changes and consider actions that policyholders may wish to take (e.g., adjust premium payments or death benefits). This may include reviewing any annual financial statements or company correspondence and requesting updated illustrations.

Brenda Cude (University of Georgia) said the issue of NGEs is interesting, but not something the average consumer would understand. She did not think it was information that was appropriate for a short guide for first-time purchasers. Karrol Kitt (University of Texas—Austin) agreed with Ms. Cude. Ms. Mealer also agreed that this was an important topic probably best addressed in the online tool.

4. Discussed Comments Received from LISA

Michael Kreiter (Life Insurance Settlement Association—LISA) provided an overview of the comments submitted by LISA. He said LISA encourages the Working Group to include in a short life insurance buyer's guide options and alternatives available to potential life insurance buyers should they face unexpected life events that would cause a policyholder to divest their life insurance policy.

He said LISA suggests the Working Group includes the following Q&A in the short buyer's guide:

Q: What if I can no longer afford my policy. Do I have options?

A: Life changing events can occur that may lead to hardships where an individual can no longer afford their life insurance policy. Additional options and alternatives are available where the policy owner can receive value from their policy instead of lapsing or surrendering the policy. These options and alternatives include:

- Accelerated death benefits available under the policy or as a rider to the policy.
- The assignment of the policy as a gift.
- The sale of the policy pursuant to a life or viatical settlement contract.
- The replacement of the policy.
- The maintenance of the policy pursuant to the terms of the policy or a rider to the policy.
- The maintenance of the policy through loans issued by an insurer or a third party, using the policy or the cash surrender value of the policy as collateral for the loan.
- Conversion of the policy from a term policy to a permanent policy.
- Conversion of the policy in order to obtain long-term care health insurance coverage of a long-term care benefit plan.

Ms. Mealer said she did not understand the inclusion of some of the information, such as accelerated death benefits or assignment of the policy as a gift in response to the question involving a consumer's inability to afford the policy. Mr. Kreiter agreed to reformulate the Q&A. He explained the purpose of including the information is to ensure that consumers are aware that life insurance is personal property and that they can sell their life insurance policy in a regulated life settlement marketplace, instead of simply lapsing or surrendering the policy back to the issuing carrier.

5. Discussed Next Steps

Mr. Birnbaum said life insurance is too complicated for a short Q&A guide to be helpful to consumers in any meaningful way. He said an online tool in a format designed to guide consumers through the decision-making process would be most helpful.

Ms. Mealer said the Working Group is proceeding with both the short guide and the online guide simultaneously. To move forward with the short guide, she said the Aug. 1 draft short Q&A buyer's guide would be posted Working Group's web page for discussion on the Working group's next call, scheduled for Nov. 20. Ms. Mealer asked the Working Group and interested parties to review the Aug. 1 draft and submit comments by Nov. 15.

To move forward with the online guide, Ms. Mealer said the expanded outline submitted by Mr. Birnbaum for the Working Group's July 10 conference call could work as a starting point. She said the expanded outline would be posted to the Working Group's webpage under the heading for the Working Group's Nov. 20 call. She asked the Working group and interested parties to review the expanded outline as a starting point for the online tool and consider how Insure U could work as a platform for the longer guide.

Having no further business, the Life Insurance Buyer's Guide (A) Working Group adjourned.

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Conference Calls

LIFE INSURANCE ILLUSTRATION ISSUES (A) WORKING GROUP
November 16, 2017 / October 19, 2017 / September 14, 2017
Summary Report

The Life Insurance Illustration Issues (A) Working Group met Nov. 16, Oct. 19 and Sept. 14. During these meetings, the Working Group:

1. Continued making progress in the development of a one- to two-page consumer-oriented policy overview document to achieve its charge to improve the understandability of the life insurance policy summaries already required in Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and Section 5A(2) of the *Life Insurance Disclosure Model Regulation* (#580).
2. Continued to draft revisions to Model #582 and Model #580 to include a requirement for a policy overview document. The Working Group made progress on the elements to include for term and whole life. Next, the Working Group plans to develop the elements to include for universal life policies.
3. Discussed a draft policy overview template that will serve as an example of a policy overview document that meets the requirements of the model.

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Draft: 11/29/17

Life Insurance Illustration Issues (A) Working Group
Conference Call
November 16, 2017

The Life Insurance Illustration Issues (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Nov. 16, 2017. The following Working Group members participated: Richard Wicka, Chair, and Jennifer Stegall (WI); Perry Kupferman (CA); Chris Struk (FL); Teresa Winer (GA); Mike Yanacheak (IA); Tate Flott (KS); Mary Mealer (MO); Brian Hoffmeister (TN); and Philip Reyna (TX). Also participating were: Denise Lamy (NH); and Sarah Neil (RI).

1. Reviewed its Work Plan

Mr. Wicka reminded the Working Group that it is working on incorporating a policy overview document requirement into the *Life Insurance Disclosure Model Regulation* (#580) and the *Life Insurance Illustrations Model Regulation* (#582). He explained that the Working Group is also developing a policy overview template to be an example of a format that would meet the requirements in the two models, but would not be a required format.

The policy overview document is intended to fulfill the charge given to the Working Group to explore how the narrative summary required by Section 7B of Model #582 and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.

2. Discussed Proposed Revisions to Model #580 and Model #582

Mr. Wicka said the Nov. 16 draft revisions to Model #580 and Model #582 were distributed to Working Group members, interested regulators and interested parties for discussion on the conference call. Mr. Wicka explained that, in response to the suggestion made by Birny Birnbaum (Center for Economic Justice—CEJ) to include a glossary with policy overview, Model #580 was revised to include a “key definitions” requirement and Model #582 was revised to make clear that the existing “key definitions” requirement should include key terms used in the policy overview document. Mr. Wicka asked for feedback on this approach.

Mr. Wicka reviewed additional elements unique to whole life policies that were added to the draft for inclusion in the policy overview document:

- (e) For Whole Life Policies, the information included in paragraphs (a) through (d) and the following:
 - 1. Accumulation of cash value
 - 2. Available options for premium funding including policy payment periods, application of dividends toward premium, and lump sum payments options, as applicable
 - 3. Policy loan option and applicable charges, if any
 - 4. Waiver of Premium options, if any

Mr. Wicka said he intended for the premium funding elements to be different from the options included in term policies, but asked for feedback on whether the element was duplicative. He said he would like to focus on getting the list of elements right before discussing how they should be integrated into the template. Ms. Winer expressed concern that the category of “cash value” was too broad. Mr. Wicka said he purposely kept the categories broad in anticipating that insurers would need to include more of an explanation in the overview, especially with more complex products.

Michael Lovendusky (American Council of Life Insurers—ACLI) said there likely would be an illustration accompanying more complex products. Mr. Wicka suggested that the policy overview could cross-reference to where additional detail can be found.

Mr. Birnbaum expressed concern that the policy overview document would not fulfill the Working Group’s charge. He disagreed with Mr. Lovendusky that an accompanying illustration would reduce the complexity of products for consumers. He said illustrations add to the complexity. Mr. Birnbaum said the goal of the policy overview should not be to summarize the narrative summaries required in Model #580 and Model #582. He said the policy overview should highlight the key

features of a policy for comparison to other similar products. He said the categories in the draft were too broad and suggested subdividing them into more precise categories that better identify exactly what information should be disclosed. He said he would like to identify just what aspect of cash value should be disclosed to enable consumers to compare policies.

Mr. Reyna said the policy overview should help consumers understand how cash value accumulates and can work to their advantage over time. Mr. Wicka acknowledged that the issue is complicated because a lot depends on how the policy is funded; however, just the knowledge that the policy has cash value could be helpful information for a consumer comparing a term policy to a whole life policy.

Mr. Birnbaum suggested adding “tax treatment” as an element. Mr. Wicka suggested possibly adding whether the policy is tax-exempt. Ms. Winer said there is no shortage of policies touting favorable tax treatment, so possibly it is not needed in the overview. Emily Micale (ACLI) said the *Life Insurance Buyer’s Guide* advises consumers to consult a tax advisor. Mr. Wicka said he would include tax treatment as a “maybe.”

Mr. Birnbaum questioned whether the “living benefits” element should be included in the term life elements. Mr. Wicka said the term life policy he referred to when developing the term life elements included an accelerated benefit option in the case of personal illness. Mr. Birnbaum suggested calling it an “accelerated benefit” rather than a “living benefit.”

3. Discussed Next Steps

Mr. Wicka said the chart of outstanding issues for the Working Group to resolve had been posted to the Working Group’s web page. He asked Working Group members, interested regulators and interested parties to review the chart for any missing items. Mr. Wicka suggested, and the Working Group agreed, to discuss additional elements for universal life policies on its next conference call before returning to discussions about the template.

Having no further business, the Life Insurance Illustration Issues (A) Working Group adjourned.

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Draft: 11/17/17

Life Insurance Illustration Issues (A) Working Group
Conference Call
October 19, 2017

The Life Insurance Illustration Issues (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Oct. 19, 2017. The following Working Group members participated: Richard Wicka, Chair, and Jennifer Stegall (WI); Perry Kupferman (CA); Chris Struk (FL); Teresa Winer (GA); Mike Yanacheak (IA); Mary Mealer (MO); Matt Holman (NE); Tynesia Dorsey and Jana Jarrett (OH); Brian Hoffmeister (TN); and Jan Graeber and Phil Reyna (TX). Also participating were: Denise Lamy (NH); and Matt Gendron and Sarah Neil (RI).

1. Reviewed its Work Plan

Mr. Wicka reminded the Working Group that it is working on incorporating a policy overview document requirement into the *Life Insurance Disclosure Model Regulation* (#580) and the *Life Insurance Illustrations Model Regulation* (#582). He explained that the Working Group is also developing a policy overview template to be an example of a format that would meet the requirements in the two models, but would not be a required format.

The policy overview document is intended to fulfill the charge given to the Working Group to explore how the narrative summary required by Section 7B of Model #582 and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.

2. Discussed a Filled-Out Template Example

Mr. Wicka said he circulated an October draft of a filled-out template prior to the conference call. The filled-out template had been revised based on discussions during the Working Group's Sept. 14 conference call.

Ms. Winer reiterated her discomfort with the language in the explanatory box at the top of the template where it says, "If you have questions about this life insurance product, contact the state insurance department as well as your agent, broker, advisor, or contact a company representative." She said state insurance departments should not be equated with insurance agents relative to the process of shopping for insurance. Mr. Wicka agreed and said revisions addressing this issue were pending.

Birny Birnbaum (Center for Economic Justice—CEJ) submitted a revised filled-out template example, including a glossary. Mr. Birnbaum said his draft template example includes the following language to address the concern raised by Ms. Winer:

This document lists this product's key features. You can get a similar summary of key product features from other insurance companies to help you compare similar products. See the back of this page for explanations of some of the terms presented and why they're important for you to know. The attached policy summary gives more detail that's important to your decision. If you have questions about this particular life insurance product, ask your agent, broker, advisor, or a company representative. If you have questions about life insurance products or company or agent licensing, contact the state insurance department.

Mr. Birnbaum reviewed other changes he made in the revised filled-out template example. He explained that several of his suggested changes use clearer language in the headings to explain insurance concepts in a more consumer-friendly way. For example, he suggested "Information We Need from You to Evaluate Risk and Determine Premium" rather than "Information Required to Evaluate Risk and Determine Premium" and "The Risk Class We Used to Determine Your Premium" rather than "Risk Class." He also suggested having separate headings for items that are sometimes options to add to a policy called "Additional Options for this Policy" and another heading for "Other Term Life Insurance Products" for companies that may not have a product as an option, but could offer it as another product a consumer could buy.

Mr. Wicka agreed that this change illustrates the need for the form to be flexible. Mr. Struk suggested that cost information may be available elsewhere, and the policy overview could refer to it rather than include it.

Emily Micale (American Council of Life Insurers—ACLI) said she needed additional time to discuss the filled-out template and Mr. Birnbaum's suggested revisions. Ms. Micale commented preliminarily that the inclusion of client information (i.e., name, issue age, information required to evaluate risk, other information collected, other information we collect about you and risk class) are beyond the scope of the regulation and already part of the application interaction with the consumer.

Mr. Wicka asked for feedback on the idea of including a glossary with the policy overview document, as suggested by Mr. Birnbaum. Mr. Struck said he would like for consumers to have that information, but he was not sure it should be part of the policy overview. He asked whether a glossary might be available somewhere else. Ms. Mealer agreed that a glossary is a valuable tool, but not necessarily as part of the overview.

Mr. Wicka asked Ms. Micale if there is something with this information in the policy that consumers can access. Ms. Micale said there are definitions with the illustration, and she would not want to include conflicting definitions.

Mr. Birnbaum pointed out that Model #580 applies when there is not an illustration and the policy overview could be used by consumers when there is no illustration and when consumers are comparison shopping before a policy is delivered. Mr. Birnbaum said the terms used in the policy overview can be confusing, and it is the responsibility of the insurer to make sure any glossary included does not contain conflicting or confusing definitions. Mr. Birnbaum also said it is reasonable to include a glossary along with the policy overview, especially for people who are receiving a paper policy overview.

Ms. Micale responded that this is an overview of a term life insurance policy and not a comparison shopping tool. She said it would be unreasonable to require the more than 300 different life insurance companies to provide customized glossaries. Mr. Yanacheak said insurance companies using the same term to mean different things is concerning and an issue that should be resolved. Mr. Wicka said Model #582 already includes a requirement that key terms must be defined.

Mr. Wicka asked Ms. Micale to ask ACLI members whether they would support adding a similar requirement to the policy summary in Model #580. Ms. Winer suggested looking into whether the NAIC microsite Insure U would be a good spot for a glossary. Ms. Mealer agreed with Ms. Winer's suggestion.

Mr. Birnbaum pointed out that the purpose and text of Model #580 and Model #582 is to provide consumers with information to help them shop for life insurance. Model #580 requires delivery of a summary along with the buyer's guide to prospective purchasers. Model #582 requires the inclusion of the narrative summary along with the illustration, which must be acknowledged and signed by consumers prior to purchasing a policy. Mr. Birnbaum said, while a general glossary is useful, it is critical that consumers have access to a glossary that matches up with the policy overview. It is key that the relevant information is available to consumers at the appropriate time.

Mr. Wicka asked the Working Group if any member supported including a glossary with the sample template. No member expressed support for including a glossary with the policy overview.

Mr. Wicka asked the Working Group and interested parties to consider the following for discussion on its next call: 1) consider including new language requiring that the terms used in the policy *and the policy overview* be defined in the policy summary and narrative summaries; and 2) consider referring consumers to a glossary to be posted on Insure U.

3. Discussed Proposed Revisions to Model #580

Mr. Wicka said he had distributed proposed revisions to Model #580 prior to the Working Group's Sept 14 call. The revisions to Model #580 reflected the Working Group's previous discussion regarding proposed revisions to Model #582. Mr. Birnbaum reiterated his view that he needs to see the proposed template before he can comment on the draft model language. Mr. Wicka reiterated that the model revisions and the template are all drafts being worked on simultaneously.

Mr. Wicka suggested that the Working Group be prepared to talk about what additional concepts should be added to the policy overview to address whole life policies, such as accumulated cash value features, other cash value features, additional payment options and loan options. Mr. Birnbaum mentioned waiver of premium options and features should be added for whole life policies.

Having no further business, the Life Insurance Illustration Issues (A) Working Group adjourned.

Draft: 10/2/17

Life Insurance Illustration Issues (A) Working Group
Conference Call
September 14, 2017

The Life Insurance Illustration Issues (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Sept. 14, 2017. The following Working Group members participated: Richard Wicka, Chair, and Jennifer Stegall (WI); Jodi Lerner (CA); Chris Struk (FL); Teresa Winer (GA); Mike Yanacheak (IA); Matt Holman (NE); Tynesia Dorsey (OH); Brian Hoffmeister (TN); and Phil Reyna (TX). Also participating were: Denise Lamy (NH); and Matt Gendron and Sarah Neil (RI).

1. Reviewed its Work Plan

Mr. Wicka reminded the Working Group that it is working on incorporating a policy overview document requirement into the *Life Insurance Disclosure Model Regulation* (#580) and the *Life Insurance Illustrations Model Regulation* (#582). He explained that the Working Group is also developing a policy overview template to be an example of a format that would meet the requirements in the model, but would not be a required format. The policy overview document is intended to fulfill the charge given to the Working Group to explore how the narrative summary required by Section 7B of Model #582 and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.

2. Discussed a Filled-Out Template Example

Mr. Wicka circulated an example of a filled out template prior to the conference call. He said on the Working Group's July 31 conference call, there had been some confusion about how the draft proposed template relates to the document that would be given to consumers. Mr. Wicka filled out the template using a term life insurance policy and distributed that example for comment and discussion on today's call.

Birny Birnbaum (Center for Economic Justice—CEJ) submitted comments on the filled out template example and included a glossary that he said he would like to see be a part of the policy overview document, possibly as a back-side of the overview document. He explained that in order to move in a more consumer-friendly direction, state insurance regulators cannot assume consumers' understanding. He said that including a glossary to explain what terms mean and why people should care is critical information for consumers to have when shopping for a life insurance policy. He said one example of a place where additional information for consumers is critical is the section titled "additional policy benefits."

Mr. Wicka said he had some concerns about Mr. Birnbaum's revised introduction to the policy overview, where it says, "If you have questions about this life insurance product, contact the state insurance department as well as your agent, broker, advisor, or contact a company representative." He explained that state insurance departments do not give advice and should not be a place where consumers call with questions about how a specific policy works. Ms. Winer said that she understands wanting to help consumers, but state insurance departments do not do analysis or endorse particular products. She cautioned against equating state insurance departments with insurance agents relative to the process of shopping for insurance.

Mr. Reyna and Mr. Struk agreed with Mr. Wicka and Ms. Winer. Ms. Lerner said she agrees as well but thinks consumers should be able to contact the state insurance department if they are not getting a satisfactory explanation. Mr. Birnbaum said he is trying to provide an objective source where consumers could obtain unbiased information. Ms. Stegall suggested having the overview mention the illustration as an additional source of information. Mr. Birnbaum said that the summary mentions the illustration and that he is trying to shorten the overview.

Michael Lovendusky (American Council of Life Insurers—ACLI) said the ACLI needs more time to review the documents before providing specific comments. He said his initial concern is that a glossary adds pages when the Working Group is trying to develop a very short overview. Mr. Birnbaum said his idea was to have the glossary on the back-side of a single-sided overview. Ms. Lerner said she likes the idea but thinks there will be a space problem with overviews of more complex life insurance policies. Mr. Wicka asked whether the Life Insurance Buyer's Guide includes a glossary and whether it might make sense to think about how this glossary could be included with the Life Insurance Buyer's Guide revisions. He also asked whether this could be added to the definitional requirements that are already part of the illustration.

Mr. Birnbaum said the overview should be a shopping tool and given to consumers before they receive an illustration. He also said not all policies are illustrated, so he does not want to rely on the illustration requirement. Mr. Birnbaum said that the Life Insurance Buyer's Guide (A) Working Group was planning to work on an electronic tool. He acknowledged that one possibility would be for the policy overview to reference the Buyer's Guide electronic tool, and that might eliminate the need to include a glossary in the policy overview document.

3. Discussed its Next Steps

Mr. Wicka said he would revise the filled-out template example based on the discussions during the conference call. He asked the Working Group, interested state insurance regulators and interested parties to be prepared with any comments on the proposed revisions to Model #580, as well as the filled in template example, taking into account Mr. Birnbaum's suggestions for the template and the glossary. He also said he would like to start looking at adding information to the draft proposed language in Model #580 and Model #582 for whole life products.

Having no further business, the Life Insurance Illustration Issues (A) Working Group adjourned.

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Conference Calls

**PROMOTING APPROPRIATE SALES PRACTICES IN
LIFE INSURANCE AND ANNUITIES (A) WORKING GROUP
November 1, 2017 / October 17, 2017 / September 7, 2017**

Summary Report

The Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group met Nov. 1, Oct. 17 and Sept. 7, 2017. During these meetings, the Working Group:

1. Adopted, on its Nov. 1 call, a final “CONSUMER ALERT! Be Skeptical About ‘Free Meal’ Seminars; Question Credentials of Insurance and Financial Services Experts.”
2. Adopted, on its Nov. 1 call, a recommendation to the Life Insurance and Annuities (A) Committee that, based on the results of the survey sent to NAIC members and the NAIC’s model law review criteria, there does not appear to be a national issue such that revisions to the *Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278) are warranted.
3. Adopted, on its Nov. 1 call, a recommendation to the Life Insurance and Annuities (A) Committee that the states that have not enacted Model #278 should be encouraged to do so.
4. Adopted, on its Nov. 1 call, a recommendation to the Life Insurance and Annuities (A) Committee that the insurer and producer bulletin, which predates Model #278, does not need to be revised.

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Draft: 11/20/17

Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group
Conference Call
November 1, 2017

The Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Nov. 1, 2017. The following Working Group members participated: Michelle Rafeld, Chair (OH); Jason Lapham (CO); Matthew Guy (FL); Elaine Mellon (ID); Tom Travis and Barry Ward (LA); Rick Blackwell (OR); Matthew Gendron and Sarah Neil (RI); and Barbara Belling and John Kitslaar (WI). Also participating were: Perry Kupferman (CA); Tate Flott (KS); Denise Lamy (NH); Andrew Dvorine (SC); and Philip Reyna (TX).

1. Adopted Oct. 18 Draft Revisions to the Consumer Alert on “Free Meal” Seminars

Ms. Rafeld said the first agenda item was to consider adoption of the Oct. 18 draft “Consumer Alert! Be Skeptical of ‘Free Meal’ Seminars; Question the Credentials of Insurance and Financial Services Experts.” She explained that the Oct. 18 draft was available on the Working Group’s web page and reflected minor edits agreed upon by the Working Group on its Oct. 17 call.

Ms. Rafeld reviewed the Oct. 18 draft consumer alert, with tracked changes to show edits from the previous draft. She explained that the bracketed references to state securities regulators were removed because there is a drafting note that instructs the states to include state securities regulators, if desired. She also included language in a drafting not instructing the states to include links to other resources, if desired. The remaining changes are minor language clarifications agreed to on the Oct. 17 call.

Ms. Mellon asked about the language encouraging people to get a second opinion from a financial expert who will not benefit from selling a financial product or service. She asked how a consumer would find such a person.

Karol Kitt (University of Texas—Austin) suggested that financial planners on a fee-only basis or certified public accountants (CPAs) might be examples of experts that could give a second opinion.

Gary Sanders (National Association of Insurance and Financial Advisors—NAIFA) said this language, while well intentioned, does not work, practically speaking. He said this standard of making sure the financial expert cannot benefit from a consumer’s financial decision does not correlate to consumers getting good advice. He said even experts with a fiduciary obligation to their customers might benefit financially from a consumer’s decision. Mr. Sanders suggested that the consumer alert simply encourage consumers to consider getting a second opinion.

Mr. Guy, Mr. Lapham and Mr. Gendron all agreed with Mr. Sanders’ suggestion. Ms. Rafeld said she would revise the sentence to say, “Leave your checkbook at home and consider getting a second opinion.” Mr. Birnbaum suggested that the state insurance departments should maintain a list of bogus credentials.

Mr. Lapham made a motion, seconded by Mr. Guy, to adopt the Oct. 18 draft consumer alert, with the agreed-upon language change (Attachment ____). The motion passed unanimously.

2. Adopted Recommendations to the Life Insurance and Annuities (A) Committee

- a. Recommended Making No Revisions to Model #278, Encouraging Enactment of Model #278 by the States Without the Model

Ms. Rafeld said the second item the Working Group needs to decide is whether the *Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278) requires revision.

Ms. Rafeld explained that a survey was sent to the NAIC membership to assist the Working Group in making this determination. Ms. Rafeld reminded the Working Group that the survey results were reviewed on its Oct. 17 call. She said, based on the survey results and the NAIC’s model law review criteria, there does not appear to be an issue such that revisions to the model would be necessary.

Ms. Rafeld reviewed the NAIC process for model law development, which enumerates a two-pronged test that must be met in order to amend an existing model: 1) the issue necessitates a minimum national standard, and/or requires uniformity amongst all states; and 2) NAIC members are committed to devoting significant regulator and association resources to educate, communicate and support a model that has been adopted by the membership. Ms. Rafeld said, in this instance, based on the survey results, there does not appear to be a national issue.

Ms. Rafeld reminded the Working Group that several of the survey questions were designed to help the Working Group determine whether it would be beneficial to revise Model #278 so that it would apply to all consumers, rather than just seniors. She said the results of the survey indicate that there does not appear to be a national issue to support that agents are misusing specific certifications and professional designations in the sale of life insurance and annuities to consumers who are under the age of 65. She also said, based on the survey results, it appears that state insurance departments have the necessary regulatory tools already in place to address such situations identified.

Ms. Rafeld emphasized the importance of uniformity, noting that, currently, more than 69% of the NAIC membership has enacted Model #278. She said the survey gives every indication that Model #278 has been effective since being implemented. She said, given the survey results, she cannot see how the Working Group could recommend that such a change to the model is needed.

Ms. Rafeld suggested that, in addition to recommending that no changes are necessary to Model #278, the Working Group could recommend that the Life Insurance and Annuities (A) Committee make the recommendation that the states that have not yet enacted the model, consider doing so. Mr. Lapham agreed with Ms. Rafeld's analysis of the survey and its results. Ms. Mellon said Idaho has not enacted Model #278, and she agrees with the making the additional recommendation to the Committee to encourage the states without the model to enact it.

Birny Birnbaum (Center for Economic Justice—CEJ) said he did not understand why a state would not want to expand the scope of the model to extend its protections to consumers under the age of 65. He said this same situation existed with a prior version of the *Suitability in Annuity Transactions Model Regulation* (#275), and the NAIC recognized that all consumers, not just seniors, should get the benefit of the protections in that model.

Ms. Rafeld explained that, speaking for Ohio, there is a concern that expanding the scope of the model could be seen as watering down its focus. She said, additionally, there is a concern with uniformity, and this model has been widely enacted. In addition, there seem to be tools available for the states to address any issues that may occur in the under-65 population, such as state unfair trade practices laws. In order to approach the state legislature, there needs to be an identifiable issue or problem to point to, and there does not appear to be anything in this instance.

Ms. Rafeld explained that Model #275 came out of a situation that persisted even after the model focusing on seniors was adopted, which is not the situation with Model #278, where there does not seem to be a lingering issue. Mr. Sanders said he agrees with Ms. Rafeld and reiterated his opinion that expanding the scope of this model looks like a solution in search of a problem. He said, based on the survey results, he did not see how the NAIC model law procedures review criteria could be satisfied. Mr. Lapham said revising Model #278 does not seem necessary and he expressed support for encouraging the enactment of Model #278 in the states that have not yet taken action, along with issuing the consumer alert to address the “free meal” seminar issue.

Mr. Blackwell made a motion, seconded by Ms. Neil, to recommend to the Life Insurance and Annuities (A) Committee that Model #278 does not need to be revised, and recommend that the Committee consider encouraging the states that have not enacted the model, to do so. The motion passed unanimously.

b. Recommended Making No Revisions to the Insurer and Producer Bulletin

Ms. Rafeld said the last item the Working Group needs to consider is whether the insurer and producer bulletin adopted by the NAIC membership in April 2008 should be revised. Ms. Rafeld explained that the bulletin predates Model #278. She asked whether there is still a need for this bulletin. The Working Group discussed whether there could be a use for an updated bulletin in the states that have not enacted the model.

Mr. Lapham said he does not believe the survey results indicate there is a continuing need such that the NAIC should update this bulletin. He said the bulletin addressed the situation at a point in time and, once Model #278 was adopted, it was no

longer necessary. Mr. Sanders said the bulletin unfairly focuses on the need for agents to take certain classes and training, rather than appropriate passage of examinations that would more legitimately convey expertise. Mr. Birnbaum suggested that the bulletin could still be useful to a state that has not enacted Model #278. Ms. Mellon said she is reluctant to change the bulletin, as she does not believe the states would issue the bulletin. She questioned whether updating the bulletin would be a good use of the Working Group's time. Mr. Guy agreed that revising the bulletin is not necessary.

Ms. Mellon made a motion, seconded by Mr. Lapham, to recommend to the Life Insurance and Annuities (A) Committee that no changes be made to the insurer and producer bulletin at this time. The motion passed unanimously.

Ms. Rafeld said the Working Group would report its recommendations to the Life Insurance and Annuities (A) Committee at the Fall National Meeting, along with the revised consumer alert. If the Committee adopts the recommendations, the Working Group will have completed its charges.

Having no further business, the Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group adjourned.

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Draft: 11/16/17

Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group
Conference Call
October 17, 2017

The Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Oct. 17, 2017. The following Working Group members participated: Michelle Rafeld, Chair (OH); Jason Lapham (CO); Matthew Guy (FL); Elaine Mellon (ID); Matt Holman (NE); Matthew Gendron and Sarah Neil (RI); and John Kitslaar and Richard Wicka (WI). Also participating were: Jodi Lerner (CA); Mike Chrysler (IL); Tate Flott (KS); and Denise Lamy (NH).

1. Discussed the Sept. 7 Draft Revisions to the Consumer Alert on “Free Meal” Seminars

Ms. Rafeld said a revised draft consumer alert was distributed to the Working Group, interested state insurance regulators and interested parties for discussion on the conference call (Attachment ____). She explained that the revisions were based on the Working Group’s Sept. 7 call. Brenda Cude (University of Georgia) and Karrol Kitt (University of Texas at Austin) also submitted readability changes to the revised draft prior to the call.

Ms. Rafeld reviewed the revised draft consumer alert. She explained that she put the second line of the title in all capital letters to give equal emphasis to “questioning credentials of insurance and financial experts” as to “be skeptical about ‘free meal’ seminars.” Ms. Rafeld said she added the following question to reflect what consumers may be experiencing: “Have you recently been contacted by an insurance or financial professional who would like to set up a time to meet?”

Ms. Rafeld explained that the changes she made to the next paragraph were largely stylistic, but also to encompass the scenario where an event is used to generate sales leads for follow-up after an event. Ms. Rafeld reviewed changes to the next several paragraphs, which were based on the Sept. 7 conference call, and added an additional phrase encouraging people to research credentials online.

Ms. Cude explained that the changes she and Ms. Kitt submitted were for readability. She pointed out that, for consistency, the alert should either reference the state securities departments and state insurance departments together throughout the alert, or include the reference one time in a drafting note. The Working Group agreed that a drafting note directing state insurance departments to include securities departments along with insurance departments where appropriate was sufficient.

Gary Sanders (National Association of Insurance and Financial Advisors—NAIFA) said he was largely satisfied with the revised consumer alert, but had a few minor language suggestions. Ms. Rafeld said she would revise the consumer alert based on the discussion on the conference call.

2. Received an Update on the Survey Regarding Model #278

Ms. Rafeld said the survey (Attachment ____) regarding whether *Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278) requires revising was sent to 56 jurisdictions and 24 responses were received. She explained that the first two survey questions asked for biographical information, so the actual survey responses begin with question 3.

Mr. Gendron said, based on the survey results, there does not seem to be a big demand to revise Model #278, noting that he is hesitant to take any action based on the survey results. Mr. Sanders agreed that the survey results indicate that the model should not be amended.

Ms. Rafeld said the survey results indicate that Model #278 is working well. She reviewed the NAIC process for model law development, which enumerates a two-pronged test that must be met in order to amend an existing model: 1) the issue necessitates a minimum national standard, and/or requires uniformity amongst all states; and 2) NAIC members are committed to devoting significant regulator and association resources to educate, communicate and support a model that has been adopted by the membership.

Ms. Rafeld said she is not seeing a national issue in this instance. Mr. Lapham agreed with Ms. Rafeld. He said, based on the survey responses, there does not appear to be a widespread problem requiring the process of revising Model #278.

Mr. Sanders suggested that the states that have not adopted the model should adopt it, noting that NAIFA would be happy to assist in that effort. David Leifer (American Council of Life Insurers—ACLI) said the ACLI would also lend support to those states that have not adopted Model #278 to do so.

3. Discussed Next Steps

Ms. Rafeld said the Working Group plans to meet in early November to: 1) consider adoption of the revised consumer alert; and 2) make a final decision as to whether Model #278, as well as the producer and insurer bulletin developed along with Model #278, require revision.

Having no further business, the Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group adjourned.

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Draft: 10/3/17

Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group
Conference Call
September 7, 2017

The Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group of the Life Insurance and Annuities (A) Committee met via conference call Sept. 7, 2017. The following Working Group members participated: Michelle Rafeld, Chair (OH); Jason Lapham (CO); Matthew Guy (FL); Elaine Mellon (ID); James J. Donelon (LA); Matt Holman (NE); Richard Blackwell (OR); Matthew Gendron and Sarah Neil (RI); Tanji Northrup (UT); and John Kitslaar and Richard Wicka (WI). Also participating were: Jodi Lerner (CA); Mike Chrysler (IL); Tate Flott (KS); and Denise Lamy (NH).

1. Received a Survey Update on Model #278

Ms. Rafeld said a conference call has been scheduled for Sept. 29 to discuss the results of the survey regarding whether *Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278) requires revising.

2. Discussed the Sept. 5 Draft Revisions to the Consumer Alert on “Free Meal” Seminars

Ms. Rafeld said the Sept. 5 draft of the consumer alert “Preventing Abusive Practices: The Misuse of Senior Designations and ‘Free Lunch’ Seminars” was distributed to the Working Group, interested state insurance regulators and interested parties for discussion on the conference call (Attachment). She said the draft reflects the Working Group’s discussions on its June 26 call, including concerns that the consumer alert not get too “watered down.”

Ms. Rafeld reviewed the Sept 5 draft. She explained that she reordered the title and the content in the alert to more accurately reflect the concerns with the resurgence of free meal advertisements raised by state insurance regulators during the early Working Group calls. Ms. Rafeld said she had removed the quotation marks around “Experts” in the title. She explained that in previous drafts, it was included as a short-hand way of warning consumers about people who claim to be experts, but are not legitimate experts. She said by reordering the title, the warning is retained without the quotation marks, thereby avoiding the suggestion that all people claiming expertise are charlatans.

Ms. Rafeld said she made stylistic changes and reordered some of the content to be consistent with the focus on free meal seminars and to make the alert more eye-catching and consumer-friendly. She changed the wording in the initial paragraphs to reflect what consumers may be experiencing, rather than on state insurance regulators’ concerns:

The Working Group liked the revised version and the reordering of the bullets. Mr. Lapham suggested giving the free meal and false credential issue equal emphasis. Mr. Blackwell agreed and suggested that there are points of entry other than free meal seminars where consumers can be misled by people falsely claiming credentials or special expertise. He suggested the message should always be to question people claiming expertise. Ms. Rafeld suggested reframing the initial paragraph to something like: “Have you been approached by someone claiming to be an expert in insurance or financial services?”

Gary Sanders (National Association of Insurance and Financial Advisors—NAIFA) did not disagree with adding language to focus on credentials, but he suggested avoiding pejorative phrasing and suggested saying something like: “Have you been approached by someone who says they are an expert in insurance or financial services?” He raised a similar concern with last sentence in the revised second paragraph: “But there’s a chance you could feel pressured to buy something either during or after the event.” He said it is no secret that these seminars are marketing efforts and that the use of the term “pressured” creates an unfair connotation that there is something illegal going on. He would suggest saying “But there’s a chance you could feel *encouraged* to buy something either during or after the event.” He suggested adding “attend” to the end of the first sentence in the first bullet, so it reads: “The offer of free meals, door prizes and/or free advice may lead you to attend a seminar when you wouldn’t otherwise *attend*.” He also suggested replacing “may impress you” with “be impressive” in the first phrase of the second sentence of the first bulleted paragraph. Mr. Sanders also suggested that the bullet titled “Report Scams” should include to whom scams should be reported. He suggested: “Report scams to the state insurance department.”

Mr. Flott said people are not always aware that free meal seminars are sales presentations. He said in Kansas, there has been a phenomenon where seminars are put on by nonprofit-sounding organizations, and the registration information is used to

generate leads for insurance producers. Ms. Lerner suggested putting the initial question—“Have you received an invitation or seen an ad offering you a free lunch or dinner at a nice restaurant if you attend a seminar about financial, retirement, or estate planning?”—in a different typeface to draw attention to it. She also suggested adding a phrase suggesting that consumers can ask their state insurance regulator about credentials or look online to verify a credential is authorized in the state. She said it is important to give consumers additional tools rather than leave them to rely on the word of the individual whose credentials they are questioning.

Ms. Rafeld reviewed a few additional suggestions proposed by Jennifer Cook (NAIC). The first suggestion was to split the second bullet into two bullets: “Do your homework” and “Review credentials closely” with minor reordering of the sentences:

- **Do your homework.** Before you attend a seminar or meet with an insurance or financial expert after a seminar, know who you’re dealing with. Contact the [Insert Name of State Department of Insurance] or the [Insert Name of State Securities Regulator] to verify that the person is licensed to sell the products. Ask if there have been complaints or enforcement actions against this person.
- **Review credentials closely.** Individuals selling insurance and financial products often advertise their credentials. Question the licensing and credentials of the financial experts hosting or presenting a seminar. Some credentials suggest a certain expertise to provide insurance and financial advice that may or may not exist. But titles can help to gain clients’ trust. As an example, an expert who is “certified” or “accredited” or one who claims expertise in retirement planning or senior issues *sounds* qualified to help you but may not be.

Before you attend a free seminar or meet with an insurance or financial expert after a seminar, find out how this person earned his or her credentials. Some professional credentials require a difficult study program and a series of extensive exams. Other credentials require much less to earn them. In the worst cases, anyone who pays a fee could earn certain credentials. Individuals with those credentials may not have any special experience or expertise.

Ms. Rafeld said another suggested change involved rearranging some of the sentences in the two paragraphs under the third bullet, so the first paragraph focuses on understanding and the second paragraph focuses on whether the product meets the consumer’s needs:

- **Does this product or service make sense for you?** Always be sure you understand what’s being sold. Insurance and financial products can be complicated even for the most informed consumer, so don’t hesitate to ask questions. You should be able to explain a product in your own words to someone (other than the salesperson) in a way that makes sense to both of you.

It’s rare that one product or service will meet the financial needs and goals of everyone attending a seminar. Be cautious about any promises that one product can meet all of your financial needs. The product must be right for you, your lifestyle, your financial goals and your tolerance for risk. If the presenter doesn’t know your personal financial situation, he or she can’t know if a product is right for you.

Ms. Rafeld agreed to draft a revised consumer alert that incorporates the Working Group’s discussion.

Having no further business, the Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group adjourned.

[Address]
[City, State Zip Code]
[Applicable Telephone Numbers / Fax Numbers]
[Applicable Email Addresses]

For more information about buying insurance, please visit [INSERT DOI WEBSITE ADDRESS] or call [INSERT TELEPHONE NUMBER].

[Drafting Note: State insurance departments that wish to provide additional references to consumers can insert the following sentence with links to specific information:

For more information about [INSERT STATE] laws and rules regarding the use of professional designations or offering free meals to market insurance services, please refer to [INSERT STATE REFERENCES].

Other Important Contacts

[Drafting Note: States can modify this alert where necessary to reference the appropriate names and phone numbers of the securities and/or other regulatory agencies that a consumer should contact for licensing and complaint information]

The Working Group liked the revised version and the reordering of the bullets. Mr. Lapham suggested giving the free meal and false credential issue equal emphasis. Mr. Blackwell agreed and suggested that there are points of entry other than free meal seminars where consumers can be misled by people falsely claiming credentials or special expertise. He suggested the message should always be to question people claiming expertise. Ms. Rafeld suggested reframing the initial paragraph to something like: “Have you been approached by someone claiming to be an expert in insurance or financial services?”

Gary Sanders (National Association of Insurance and Financial Advisors—NAIFA) did not disagree with adding language to focus on credentials, but he suggested avoiding pejorative phrasing and suggested saying something like: “Have you been approached by someone who says they are an expert in insurance or financial services?” He raised a similar concern with last sentence in the revised second paragraph: “But there’s a chance you could feel pressured to buy something either during or after the event.” He said it is no secret that these seminars are marketing efforts and that the use of the term “pressured” creates an unfair connotation that there is something illegal going on. He would suggest saying “But there’s a chance you could feel *encouraged* to buy something either during or after the event.” He suggested adding “attend” to the end of the first sentence in the first bullet, so it reads: “The offer of free meals, door prizes and/or free advice may lead you to attend a seminar when you wouldn’t otherwise *attend*.” He also suggested replacing “may impress you” with “be impressive” in the first phrase of the second sentence of the first bulleted paragraph. Mr. Sanders also suggested that the bullet titled “Report Scams” should include to whom scams should be reported. He suggested: “Report scams to the state insurance department.”

Mr. Flott said people are not always aware that free meal seminars are sales presentations. He said in Kansas, there has been a phenomenon where seminars are put on by nonprofit-sounding organizations, and the registration information is used to generate leads for insurance producers. Ms. Lerner suggested putting the initial question—“Have you received an invitation or seen an ad offering you a free lunch or dinner at a nice restaurant if you attend a seminar about financial, retirement, or estate planning?”—in a different typeface to draw attention to it. She also suggested adding a phrase suggesting that consumers can ask their state insurance regulator about credentials or look online to verify a credential is authorized in the state. She said it is important to give consumers additional tools rather than leave them to rely on the word of the individual whose credentials they are questioning.

Ms. Rafeld reviewed a few additional suggestions proposed by Jennifer Cook (NAIC). The first suggestion was to split the second bullet into two bullets: “Do your homework” and “Review credentials closely” with minor reordering of the sentences:

- **Do your homework.** Before you attend a seminar or meet with an insurance or financial expert after a seminar, know who you’re dealing with. Contact the [Insert Name of State Department of Insurance] or the [Insert Name of State Securities Regulator] to verify that the person is licensed to sell the products. Ask if there have been complaints or enforcement actions against this person.

- **Review credentials closely.** Individuals selling insurance and financial products often advertise their credentials. Question the licensing and credentials of the financial experts hosting or presenting a seminar. Some credentials suggest a certain expertise to provide insurance and financial advice that may or may not exist. But titles can help to gain clients' trust. As an example, an expert who is "certified" or "accredited" or one who claims expertise in retirement planning or senior issues *sounds* qualified to help you but may not be.

Before you attend a free seminar or meet with an insurance or financial expert after a seminar, find out how this person earned his or her credentials. Some professional credentials require a difficult study program and a series of extensive exams. Other credentials require much less to earn them. In the worst cases, anyone who pays a fee could earn certain credentials. Individuals with those credentials may not have any special experience or expertise.

Ms. Rafeld said another suggested change involved rearranging some of the sentences in the two paragraphs under the third bullet, so the first paragraph focuses on understanding and the second paragraph focuses on whether the product meets the consumer's needs:

- **Does this product or service make sense for you?** Always be sure you understand what's being sold. Insurance and financial products can be complicated even for the most informed consumer, so don't hesitate to ask questions. You should be able to explain a product in your own words to someone (other than the salesperson) in a way that makes sense to both of you.

It's rare that one product or service will meet the financial needs and goals of everyone attending a seminar. Be cautious about any promises that one product can meet all of your financial needs. The product must be right for you, your lifestyle, your financial goals and your tolerance for risk. If the presenter doesn't know your personal financial situation, he or she can't know if a product is right for you.

Ms. Rafeld agreed to draft a revised consumer alert that incorporates the Working Group's discussion.

Having no further business, the Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group adjourned.

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CONSUMER ALERT!

BE SKEPTICAL ABOUT “FREE MEAL” SEMINARS QUESTION CREDENTIALS OF INSURANCE AND FINANCIAL SERVICES EXPERTS

Have you received an invitation or seen an ad offering you a free lunch or dinner at a nice restaurant if you attend a seminar about financial, retirement, or estate planning?

Has an insurance or financial professional contacted you recently to set up a time to meet?

Before you accept any invitation about financial, retirement or estate planning, the [Insert Name of State Department of Insurance] wants you to know that many insurance and financial firms reach out to middle-aged and older adults or host free meal seminars. The goal often is to sell you an insurance or financial product or service. The invitation or individual who contacted you may clearly state that nothing will be sold, and only advice will be offered. But there’s a chance you’ll be encouraged to buy something either during or after an event or meeting.

To protect yourself, the [Insert Name of State Department of Insurance] would like to encourage you to follow these suggestions:

- **Be skeptical about “free meal” seminars.** The offer of free meals, door prizes, and/or free advice may lead you to attend a seminar when you wouldn’t otherwise. Some invitations make you feel it’s urgent to register due to “limited space.” A nice restaurant, an expensive meal, and a well-dressed presenter may be impressive, but it doesn’t mean that what they’re selling is right for you.

There is *always* a purpose to a “free” seminar, even those advertised as unbiased and educational. When federal regulators examined firms that offered free lunch seminars, they found that **every** seminar was a sales presentation. You should know that if you put personal information on a registration form, that information likely will be used to market products or services to you.

- **Do your homework before you attend a seminar or meet with an insurance or financial expert.** Contact the [Insert Name of State Department of Insurance] to verify that the person is licensed to sell the product. Ask if there have been complaints or enforcement actions against this person.
- **Review credentials closely.** Individuals selling insurance and financial products may advertise their credentials to gain the trust of clients. Some credentials suggest a certain expertise to provide insurance and financial advice that may or may not exist. As an example, an expert who is “certified” or “accredited” or one who claims expertise in retirement planning or senior issues *sounds* qualified to help you but may or may not be.

Before you attend a free seminar or meet with an insurance or financial expert, find out how they earned their credentials. Two ways to do this are to conduct an online search or contact the [Insert Name of State Department of Insurance]. Some professional credentials require a difficult study program and a series of extensive exams. Other credentials require much less to earn them. In the worst cases, anyone who pays a fee could earn certain credentials. Individuals with those credentials may not have any special experience or expertise.

- **Does this product or service make sense for you?** Always be sure you understand what’s being sold.

Insurance and financial products can be complicated even for the most informed consumer. Don’t hesitate to ask questions, especially if you don’t understand something. You should be able to explain a product in your own words to someone (other than the salesperson) in a way that makes sense to both of you.

It’s rare that one product or service will meet the financial needs and goals of everyone attending a seminar. Be cautious about any promises that one product can meet all of your financial needs. The product must be right for you, your lifestyle, your financial goals, and your tolerance for risk. If the presenter doesn’t know your personal financial situation, he/she can’t know if a product is right for you.

- **Never make a final decision at a seminar.** If you attend a seminar, you may be exposed to high pressure tactics, frightening stories about people who don't have enough money to live on in retirement, and promises of unrealistic financial returns.

Decide **before** you go that you won't give out any personal information, sign any documents, or make any decisions while you're there. Leave your checkbook at home and consider getting a second opinion.

- **Report suspected scams to the [Insert Name of State Department of Insurance].** *Anyone* can find themselves the victim of a financial scam so don't let fear, embarrassment, or uncertainty keep you from asking for help. Your report will help prevent others from becoming victims too.

The [Insert Name of State Department of Insurance] Is Here to Help

As a consumer protection agency, the [Insert Name of State Department of Insurance] may be able to help if you believe an insurance agent or company has misled you or sold you a product that isn't right for you.

To file a complaint, please visit our website at [Insert Website Address] or send a written complaint and any supporting documents to:

[Name of State Department of Insurance]
[Address]
[City, State Zip Code]
[Applicable Telephone Numbers / Fax Numbers]
[Applicable Email Addresses]

For more information about buying insurance, please visit [Insert State Department of Insurance Website Address] or call [Insert Telephone Number].

[Drafting Note: State insurance departments who wish to provide additional references to consumers can insert the following sentence with links to specific information where they feel it would be most applicable:

For more information about [Insert Name of State] laws and rules regarding the use of professional designations or offering free meals to market insurance services, please refer to [Insert State References].

Other Important Contacts

[Drafting Note: States can modify this alert where necessary to reference the appropriate names and phone numbers of the securities and/or other regulatory agencies that a consumer should contact for licensing and complaint information.]

*2017 Fall National Meeting
Honolulu, Hawaii*

**LIFE ACTUARIAL (A) TASK FORCE
Thursday, November 30 2017, 7:00 a.m. – 3:30 p.m.
Friday, December 1, 2017, 7:00 – 9:00 a.m.**

Meeting Summary Report

The Life Actuarial (A) Task Force met Nov. 30 – Dec. 1, 2017. During this meeting, the Task Force:

1. Adopted its Nov. 9, Nov. 2, Oct. 19, Oct. 5, Sept. 28, Sept. 21, Sept. 14 and Aug. 24 minutes, which included the following action:
 - a. Adopted its Summer National Meeting minutes.
 - b. Adopted its 2018 proposed charges.
 - c. Adopted the 2018 Generally Recognized Expense Tables (GRET).
 - d. Adopted the VM-20, Requirements for Principle-Based Reserves for Life Products, investment spread tables for June 30, 2017 and Sept. 30, 2017.
 - e. Agreed to forward a response to the Reinsurance (E) Task Force referral indicating that no modifications to the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787) are necessary.
 - f. Adopted amendments to the 2018 edition of the *Valuation Manual* for 2019 implementation, including amendments to:
 1. Move definitions of terms from various sections of the *Valuation Manual* to VM-01, Definitions for Terms in Requirements.
 2. Remove VM-05, NAIC Model Standard Valuation Law, from the *Valuation Manual*.
 3. Revise the definitions of several terms in VM-01.
 4. Make editorial changes to the *Valuation Manual*.
 - e. Exposed edits to VM-50, Experience Reporting Requirements, to reflect the NAIC serving as the experience data collection agent on behalf of the states.
2. Adopted the report of the VM-22 (A) Subgroup, including its Sept. 28 minutes. During this meeting, the Subgroup discussed the proposal for the maximum valuation interest rate for income annuities.
3. Re-exposed amendment proposal form (APF) 2017-70, which proposes to clarify the treatment of riders for the model reserve and the treatment of term riders when valued separately from the base policy, for a 45-day public comment period ending Jan. 15, 2018. Comments received from the California Department of Insurance were incorporated into the exposure.
4. Adopted APF 2017-57, which proposes to improve the VM-20 language defining the permitted values of starting assets.
5. Exposed APF 2017-47, which proposes to clarify the definitions of “deterministic reserve” and “stochastic reserve,” for a 45-day public comment period ending Jan. 15, 2018.
6. Exposed APF 2017-78, which replaces the references to “states” with references to “jurisdictions,” for a 45-day public comment period ending Jan. 15, 2018.
7. Exposed APF 2017-73, which proposes to clarify a requirement for the grouping of assets, for a 45-day public comment period ending Jan. 15, 2018.
8. Agreed to accept, as an editorial change, APF 2017-80 which proposes to replace the acronym “UCS” with references to the “relative risk tool.”
9. Exposed APF 2017-77, which proposes to smooth the grading from company experience to an industry table, for a 60-day public comment period ending Jan. 30, 2018.

10. Withdrew APF 2017-79, which proposes the consistent use of “Section” to identify locations within the *Valuation Manual*, instead of using “Subsection.”
11. Exposed APF 2017-76, which proposes to clarify various references in VM-51, Experience Reporting Formats, for a 45-day public comment period ending Jan. 15, 2018.
12. Exposed APF 2017-85, which proposes to add a guidance note to Section 3.D.11.c of VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Base Reserve Valuation, for a 45-day public comment period ending Jan. 15, 2018.
13. Heard an update on revisions to the 2017 and 2018 editions of the *Valuation Manual*. The revisions reflect edits adopted by the NAIC membership in 2016 but were omitted from previous *Valuation Manual* updates, as well as the addition of other clarifying edits.
14. Heard an update from the American Academy of Actuaries (Academy) Life Experience Committee and the Society of Actuaries (SOA) Preferred Mortality Oversight Group’s (Joint Committee) on the 2017 Guaranteed Issue Mortality Tables Report and the APF for incorporating the mortality tables into the *Valuation Manual*.
15. Heard an update on the Joint Committee’s 2017 Simplified Issue Mortality Tables Report, the simplified issue mortality tables and an accompanying definition for simplified issue.
16. Heard an update on the Joint Committee’s work on the potential use of accelerated underwriting (AUW) in the reserving process and the results of the AUW Delphi Study.
17. Heard an update on SOA research and education.
18. Heard an update from the Interstate Insurance Product Regulation Commission (IIPRC).
19. Heard an update from the Academy Life Reserves Work Group (LRWG) on the aggregation of mortality experience.
20. Heard an update from the Academy on the use of the term “qualified actuary” in the *Valuation Manual*.
21. Adopted the report of the Experience Reporting (A) Subgroup. The Subgroup is continuing to work with the Academy and the SOA on considerations related to AUW.
22. Adopted the report of the Longevity Risk (A/E) Subgroup, including its Oct. 2 minutes. During this meeting, the Subgroup discussed the work of the Academy’s Longevity Risk Task Force.
23. Heard an update from the Model #805 Drafting Group. The Drafting Group is continuing to discuss the determination of nonforfeiture values under the Model #805 prospective test.
24. Adopted the report of the C-3 Phase II/AG 43 (E/A) Subgroup. The Subgroup is awaiting results of the Oliver Wyman variable annuity Quantitative Impact Study.
25. Heard an update from the Academy Council on Professionalism.
26. Heard an update from the Academy Life Practice Council on available Academy educational resources and tools to assist with the development and implementation of principle-based reserves (PBR).

Draft: 11/13/17

Adopted by the Executive (EX) Committee and Plenary, TBD

Pending Adoption by the Life Insurance and Annuities (A) Committee, Dec. 4, 2017

2018 Proposed Charges

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

The mission of the Life Insurance and Annuities (A) Committee is to consider issues relating to life insurance and annuities and review new life insurance products.

Ongoing Support of NAIC Programs, Products or Services

1. The **Life Insurance and Annuities (A) Committee** will:
 - A. Monitor the activities of the Life Actuarial (A) Task Force.
 - B. Oversee development of the principle-based reserving (PBR) system.
 - C. Oversee outstanding issues related to contingent deferred annuities (CDAs), including considering the development of a CDA buyer's guide.
 - D. Explore ways to promote retirement security consistent with the NAIC's continuing "Retirement Security Initiative."
2. The **Annuity Disclosure (A) Working Group** will:
 - A. Review and revise, as necessary, Section 6—Standards for Annuity Illustrations in the *Annuity Disclosure Model Regulation* (#245) to take into account the disclosures necessary to inform consumers in light of the product innovations currently in the marketplace.
3. The **Life Insurance Buyer's Guide (A) Working Group** will:
 - A. Review and revise, as necessary, the *Life Insurance Buyer's Guide* in conjunction with Appendix A of the *Life Insurance Disclosure Model Regulation* (#580).
4. The **Life Insurance Illustration Issues (A) Working Group** will:
 - A. Explore how the narrative summary required by Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.
5. The **Model Law Review (A) Subgroup** will:
 - A. Work with the Life Actuarial (A) Task Force to review issues identified during the Subgroup's completion of the Model Law Review Initiative, specifically:
 1. With respect to the *Modified Guaranteed Annuity Model Regulation* (#255):
 - a. Research whether the requirements of Model #255 are contained elsewhere in state law or rules.
 - b. Consider whether there is a need for the development of a similar law for modified guaranteed annuities offered through general accounts products.
 2. With respect to the *Annuity Nonforfeiture Model Regulation* (#806):
 - a. Research whether the requirements of Model #806 are contained elsewhere in state law or rules.
 - b. Consider whether Model #806 may be more appropriate as an actuarial guideline.
- ~~6. The **Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group** will:
 - A. Review and revise, as necessary, the *Model Regulation on the Use of Senior Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278), as well as the producer and insurer bulletin and the NAIC Consumer Alert, "Preventing Abusive Practices: The Misuse of Senior Designations and 'Free Lunch' Seminars."~~
76. The **Suitability (A) Working Group** will:
 - A. Review and revise, as necessary, the *Suitability in Annuity Transactions Model Regulation* (#275).
 - B. Consider how to promote greater uniformity across NAIC-member jurisdictions.

NAIC Support Staff: Jennifer R. Cook/Jolie H. Matthews