October 13, 2017

Richard Wicka, Wisconsin Office of the Commissioner of Insurance
Chair, NAIC Life Insurance Illustrations Issues (A) Working Group
c/o Jennifer Cook
via jcook@naic.org

RE: NAIC Life Insurance Illustrations Issues (A) Working Group Proposals from its September 14, 2017 Teleconference

Dear Chairman Wicka & Members of the Working Group:

The ACLI contributes these ideas and recommendations to the NAIC Life Insurance Illustrations Issues (A) Working Group (Working Group) to further its progress.

On the last call of the Working Group, held on September 14th, the Working Group solicited comments from interested parties regarding two proposals set forth by Birny Birnbaum, Center for Economic Justice & a NAIC-funded consumer representative. The two proposals by Mr. Birnbaum are as follows:

1. Proposed revisions to the Working Group’s “Draft Sample Overview” to make the language in the document more consumer-friendly and readable.

   In consideration of this proposal, Brenda Cude, another NAIC-funded consumer representative offered to review and consolidate the language and recommendations from Mr. Birnbaum. ACLI has some comments as to Mr. Birnbaum’s proposal on the Draft Sample Overview, however, ACLI will await Ms. Cude’s updated draft. Once our members have had the opportunity to review and consider the updated draft, ACLI will then respond with comments and recommendations.

2. Mr. Birnbaum also submitted a proposed glossary of key terms to be incorporated or distributed along with the Draft Sample Overview. The Working Group members, consumer representatives and interested parties engaged in discussion of the necessity and location of such a glossary. The Working Group solicited comments as to (i) whether a glossary of key terms was necessary and/or appropriate; and (ii) whether such a glossary would be best to be incorporated with the Draft Sample Overview document itself, or whether to incorporate such a glossary into the Life Insurance Buyer’s Guide, or whether the definition of key terms is already included in life insurance illustrations and in accordance with the Model Regulation.

   Following discussion of this matter with our members, ACLI believes that adding a glossary of key terms would be more confusing than helpful to the customer as these terms may be duplicative and conflict with terms already in the illustration itself, and therefore recommends that such a glossary not be developed or incorporated into the Draft Sample Overview document, nor into the Life Insurance Buyer’s Guide. ACLI notes that the NAIC Life Insurance Illustration Model Regulation (#582) Section 7B (4) already calls for the “Identification and a brief definition of column headings and key terms used in the illustration”.

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Further, in the NAIC Model Life Insurance Illustration Regulation, under the Proceeding Citations, on page 35, the Model Regulation reads as follows:

"The working group had previously identified the need for some kind of glossary of terms so the customer would understand the terms used in the illustration. There had been discussion of developing a glossary or asking the Society of Actuaries to develop a glossary. Some industry representatives expressed concern about using glossary terms that might not match language in the policy. The working group decided the language in Paragraph (4) requiring that key terms used in the illustration be defined was adequate to address their concerns."

Working Group Next Product; ACLI Relevant Activity

ACLI acknowledges that the Working Group decided to next work on key components for whole life policies. ACLI is working with our members to solicit recommendations for key components and should soon be prepared to advance recommendations regarding Whole Life guidance.

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Thank you for your consideration and further guidance on the work plan.

Sincerely,

THE AMERICAN COUNCIL OF LIFE INSURERS

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