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February 22, 2018

Ms. Mary Mealer
Chair, Life Insurance Buyer's Guide (A) Working Group
National Association of Insurance Commissioners
Via Email: Jennifer Cook (JCook@naic.org)

Re: Comments on the "Revised Draft 2-9-18" exposure draft for the Life Insurance Buyers Guide

Dear Ms. Mealer,

The Non-Guaranteed Elements Work Group of the American Academy of Actuaries¹ appreciates the opportunity to comment on the "Revised Draft 2-9-18." We believe this draft provides a good foundation for the Life Insurance Buyer's Guide.

We would like to offer suggestions to improve and clarify the draft. We are including a marked-up version of the 2-9-18 Draft ("Academy Draft") that provides language and structural changes reflecting our comments below.

Section #1: Since there are many sources knowledgeable about insurance, such as insurance agents, company representatives, financial planners, registered investment advisors (RIAs), Certified Public Accountants (CPAs), and attorneys, we recommend referring to individuals knowledgeable about life insurance and providing some examples.

Section #2: Since Section #1 ("Review Your Insurance Needs") already describes reasons for buying insurance, we recommend focusing only on how much coverage one needs in Section #2. We have made additional organization and wording suggestions in this section to help improve clarity.

Section #3: We suggest moving the "Free Look" language to Section #9 ("Read Your Policy Carefully"). We also believe employer-provided insurance is better addressed in Sections #2 ("Decide How Much Coverage You Need") and #10 ("Review Your Life Insurance Program Every Few Years"), as shown in the Academy Draft.

¹ The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

Section #4: In Section #4 (“Compare the Different Kinds of Insurance Policies”), we recommend separating the beneficiary information into its own section #5 (“Select Your Beneficiaries”). We also suggest reworking the language describing the application process to focus on the differences between different kinds of insurance policies.

Section #5 (New in the Academy Draft): We suggest rephrasing the sentence describing minor child beneficiaries to avoid giving explicit advice.

Section #6 (#7 in the Academy Draft): We suggest including explicit reference to an “illustration” since the term is used in the life insurance application process.

Section #8 (#9 in the Academy Draft): The term “Free Look Period” is not typically used in policy forms, so we have suggested language to make it more universal.

Section #9 (#10 in the Academy Draft): We restructured the section to improve readability and added language to discuss the need to keep track of policy changes, and to identify annual statements and enforce illustrations as tools that can help with the review.

We look forward to continuing to support the NAIC Life Insurance Buyer’s Guide Working Group’s efforts. Please contact Ian Trepanier, the Academy’s life policy analyst (trepanier@actuary.org; 202-785-7880), if you have any questions.

Sincerely,

Gabe Schiminovich, MAAA, FSA
Chairperson, Non-Guaranteed Elements Work Group
American Academy of Actuaries