



## Consumer Federation of America

February 23, 2021

Via email to ACLI President Susan Neely  
cc via email to Commissioner David Altmaier, Commissioner Marlene Caride, NAIC staff members Andrew Beal and Kay Noonan. (Copies by USPS indicated at bottom of letter)

Dear Ms. Neely:

Thank you very much for your February 19, 2021 response to our January 28, 2021 letter.

We are pleased that you can report that the life insurance industry is sound, meeting all of its claim obligations, and complying with state laws on fairness. That is good news, and we expected that was the case.

With respect to the issue that led us to reach out to the NAIC and ACLI, along with individual companies, you appear to confirm our concern that American consumers applying for life insurance may encounter new delays, similar, it seems, to the COVID-delays reported in Europe. As you explained it, “today’s circumstances may delay a coverage decision for some people in some circumstances.”

You note, and we agree, that delay “is not a rejection.” But, presumably, the reason for any delay would be to seek COVID-related medical information that might lead to a rejection. It would be logical to assume that some rejections are occurring after the delay period.

In our prior letter, we asked the NAIC “to adopt a model rule for life underwriters who might delay or deny life insurance coverage because an applicant had COVID or may have had it previously. The rule should require that the underwriting rules employed be made public prior to use, be totally transparent, and meet standards for reasonability as to what would trigger delay or denial of coverage.” We also asked leading life insurers to consider voluntary “transparency and reasonableness of any COVID-related life insurance underwriting.” The public needs some understanding of the basis on which their applications will be evaluated with respect to COVID and assurances that the underwriting process is consistent and not unfairly discriminatory.

We had hoped the industry would advise on such questions as: Will vaccines be required? Will negative PCR tests be required? Will different standards apply by age grouping?

Your letter does not address our call for transparency but your letter makes clear that we need it. As you say, delays in coverage may be in place “for some people in some circumstances.” Which people? Which circumstances?

Given the delays in coverage, the likelihood of some rejections, and a lack of clarity about the current practices being deployed by leading writers of life insurance, it falls upon the NAIC to provide standards for transparency unless some voluntary action is quickly taken by the industry.

It seems to us that transparency regarding this new practice is a modest accommodation that carriers could make to provide consumers the opportunity to know with which insurers they will encounter COVID-related delays, if any, based on their particular situation. Further, a voluntary approach to this might allow insurers to have different standards than might be possible if regulators are required to set the standards.

As we move toward defeating this awful pandemic, we think it would be important to the many millions of Americans who have had COVID, as well as those who fear it, to have access to information that would help them make important life insurance decisions for their families.

Sincerely,

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Former Texas Insurance Commissioner

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Former Vermont Insurance Commissioner

CC: (by USPS)

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