



Comments of the Center for Economic Justice

To the NCOIL Life Insurance & Financial Planning Committee

Regarding Re-Adoption of the Secondary Addressee Model Act and the Insurance Compliance Self-Evaluative Privilege Model Act.

March 4, 2017

The Center for Economic Justice (CEJ) submits the following comments regarding readoption by NCOIL of the two model acts, cited above.

Extend the Consumer Protections of the Secondary Addressee Model Act to All Consumers

The Secondary Addressee Model Act requires a life insurer to offer a policyholder the opportunity to designate a secondary addressee and, if the policyholder makes such a designation, requires the life insurer to mail notices of lapse or cancellation of coverage due to non-payment of premium to both the policyholder and secondary addressee. However, the model limits this consumer protection to policyholders aged 64 and over.

CEJ urges NCOIL to amend the model to apply this important consumer protection to all policyholders. We see no reason why policyholders aged 63 and below should not have this basic consumer protection.

Retire the Insurance Compliance Self-Evaluative Privilege Model Act

CEJ opposes the re-adoption of the Insurance Compliance Self-Evaluative Privilege Model Act for two reasons. First, the model is biased against consumers and towards insurers because it allows the insurer to use the self-evaluation when helpful to the insurer, but assert privilege when helpful to consumers to address unfair treatment. Second, the model is premised on the assertion that such compliance self-evaluative privilege will “encourage voluntary compliance and improve market conduct quality” of insurers. We are not aware of any empirical evidence or study produced over the past 20 years supporting this assertion. It seems reasonable for NCOIL to require some evidence relating this privilege to improved market conduct quality before re-adopting this model.