



Comments of the Center for Economic Justice

Life Insurance Buyer's Guide Working Group

March 13, 2017

CEJ greatly appreciates the working group's efforts to update the life insurance buyer's guide and better empower consumers in the purchase and use of life insurance. The March 6, 2017 outlines include important information for consumers. We remain concerned that the drafting effort continues to be oriented around a lengthy printed (paper or PDF) buyer's guide instead of oriented around targeted electronic tools and web pages designed to both guide the decision-making of consumers and quickly lead the consumer to the relevant information.

CEJ suggests that the drafting effort must start with clear identification of the target users and their purposes and the method of access/distribution before embarking on content/text development. If we start with these two decisions, CEJ suggests that the effort should be on electronic distribution and use as the starting point because the vast majority of consumers – and an increasing percentage – shop and obtain information via computers and mobile devices. We also suggest starting with electronic distribution and format because this medium includes the opportunity for improved shopping and information search tools compared to a single paper or PDF document.

We acknowledge that current model laws require insurers to provide consumers / applicants with a copy of the buyer's guide and that these requirements contemplate a paper guide. We believe this issue can be addressed in at least a couple of ways. One approach would be for the insurer to print out the relevant web pages and hand it to the consumer. Another approach would be to provide the consumer with a web address/link for the buyer's guide with acknowledgement of receipt by the consumer. CEJ stresses that the current requirement to provide a consumer/applicant with a buyer's guide should not limit the working group's efforts. In fact, the buyer's guide drafting effort may indicate a need for revising the model requirements for methods of delivery of the buyer's guide since on-line shopping – without physical interaction with a producer or company representative – is also growing. Stated differently, what does it mean to provide a consumer with a buyer's guide when the consumer is shopping via a mobile phone app and the insurer is using Accelerated Underwriting?

CEJ suggests that there are two principal purposes for which consumers/policyholders seek information about life insurance – shopping for life insurance (including replacement) and questions about an existing policy (including replacement). Consequently, we suggest two front ends / booklets¹ – one for shopping and one for questions about existing policies. See our outline below.

We suggest that the shopping front-end include the topics in the March 6, 2017 outline, but organize the topics and add additional tools to guide consumers in the shopping and decision making process.

The goal of the front-end shopping overview / booklet is to assist the consumer to select the product or products for closer examination. We suggest a separate web-page / booklet for each major product category. This approach enables the insurer to provide a buyer's guide most relevant for the product being sold (in addition to the front end tool) and allows for more detailed product information than compared to a single comprehensive buyer's guide.

Our suggestion for a general structure, reflecting our recommendations for target users and preferred medium/delivery method is shown below. Again, we want to stress that this is not a replacement for the March 6, 2017 content outline, but a framework within which to consider, develop and place that content. We suggest that these decisions on target users and medium/delivery must precede the development of specific content.

¹ The term "booklet" in our comments refers to a print of the web pages for the specific topic: shopping front-end; questions about my policy front end and individual product types.

Overview Booklet/Web page -- buying

I'm thinking of buying life insurance – what can it do for me and what should I know?

[Purposes/Types of Life Insurance—some products serve two or more purposes!]

- Protection for family and loved ones if I die
- A tax-advantaged investment
- Long-term care or other future health-related catastrophic events
- Estate planning

How can different types of life insurance help me? [Comparison of different types of life insurance]

[Decision Tree: Help for deciding what type and amount of life insurance to buy.]

Once I've decided what life insurance product I want, how do I figure out how much coverage to get?

What types of professionals sell life insurance (list and describe the types). What are the differences? Is the professional required to put my interests first? Why is it important to ask how the professional is paid to assist me? What questions should I ask the professional to determine if he or she is right for me?

Overview Booklet/Web page – already own

I own a life insurance policy and have a question about it

I own a life insurance policy and a replacement is being suggested

I own a life insurance policy and a life settlement is being suggested

I own a life insurance policy and I don't like it, but don't want to lose everything I've paid to date

I own a life insurance policy and I don't like it – what are my options for getting out of it or switching to something else?

Specific Product Booklets/Web Page (includes description of product and benefits; cautions and warnings; questions and answers for owners.

Term, Whole Life, Universal Life, Indexed Universal Life, Variable Life, Variable Universal Life