

August 4, 2016

Mr. Richard Cordray
Director
Bureau of Consumer Financial Protection
1275 First St. NE
Washington, DC 20002

Re: Docket No. CFPB-2016-0020; RIN 3170-AA51 – Arbitration Agreements

Dear Director Cordray:

On behalf of the National Association of Insurance Commissioners (NAIC)¹, we write today regarding the Bureau of Consumer Financial Protection (Bureau) proposed rule on arbitration agreements. The NAIC respectfully submits the following comments to the Notice of Proposed Rulemaking and Request for Comment published in the May 24, 2016 issue of the Federal Register.

As the regulators of all insurance providers and products in the United States, we appreciate the bureau’s acknowledgement that a number of state laws already in place restrict the use of arbitration agreements in insurance products. We believe state law remains the appropriate vehicle for any such restrictions related to the business of insurance.

Policy Loans are the Business of Insurance

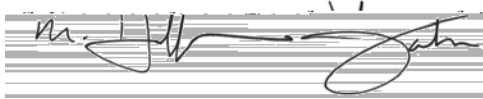
² We appreciate that the Bureau appears to be attempting to separate out the “business of insurance” from the scope of the rule, but as a function of state law and regulation, policy loans are the “business of insurance” and therefore should be fully outside the scope of this proposal.

¹ Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

² Proposed rule at 318.

Policy loans are defined in the NAIC's Statement of Statutory Accounting Principles 49: "A policy (or contract) loan shall be defined as a loan to a policyholder, under the provisions of an insurance contract that is secured by the cash surrender value or collateral assignment of the related policy or contract. Policy loans shall include: (a) Cash loans, including loans resulting from early payment benefits or

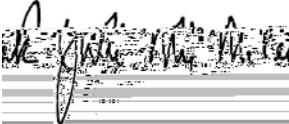
Sincerely,



John M. Huff
NAIC President
Director
Missouri Department of Insurance,
Financial Institutions and Professional Registration



Theodore K. Nickel
NAIC President-Elect
Commissioner
Wisconsin Department of Insurance



Julie Mix McPeak
NAIC Vice President
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Eric A. Cioppa
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