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April 14, 2023

Commissioner Nathan Houdek, Chair  
Commissioner Grace Arnold, Vice-Chair  
Jennifer Cook  
Accelerated Underwriting (A) Working Group  
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RE: Comments on AUW Draft

incorporate multiple types of data that specifically relate to the economic status of applicants. For example, AUW programs commonly use FCRA data but also drawn upon records of bankruptcy proceedings.<sup>1</sup> It is unclear to me there is any benefit from including credit data (which overlaps with bankruptcy filings) twice in AUW programs other than disadvantaging low-income applicants.

Furthermore, bankruptcy and FCRA records may serve as a proxy for the health insurance coverage of an applicant and their household. While life insurers are of course permitted to inquire about an applicant's personal health history, most life insurance applications (as overseen and approved by regulators) do not commonly ask applicants for proof they have health insurance coverage. Per the Consumer Financial Protection Bureau, 58% of debts recorded in collections were for a medical bill<sup>2</sup> and 66.5% of bankruptcies are caused directly by medical expenses (the leading cause of personal bankruptcy by a wide margin).<sup>3</sup> Thus, rather than add any new risk data that is not provided by an FCRA report, the use of bankruptcy history – as a practical matter – may just serve as a proxy for health insurance coverage and create an unnecessary, artificial barrier to consumers who might not have ready access to an employer provided health plan. Is it the intent of the Working Group that life insurance underwriting be based (in part) on whether an applicant has health insurance coverage? If not, then bankruptcy data should be excluded from AUW programs. Consumers who lack continuous health insurance coverage and their families still need life insurance, and should not be excluded from AUW programs

Insurance where regulators, consumers and industry representatives all commented on a disturbing trend in the marketplace – the decline of life insurance ownership by family households. In 1971, 85.4% of families reported owning life insurance coverage but by 2019 that number had dropped to 59.4%.<sup>4</sup> This means that more than 40% of American families, many with minor



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submit to life insurers when reviewing A U W programs" on Page 5 of the Regulatory Guidance Draft:

" How does the company ensure that data elements in the model(s) are not duplicative or assessing the same risk factor more than once in a manner that is not unfairly discriminatory?"

Finally, I wish to note that CIR strongly supports the statement made on Page 4 of the Draft Regulatory Guidance which calls for " Ensuring that insurers use accelerated underwriting in a transparent manner is important because consumers should understand what personal data is being accessed by insurers and how that data is being used." Transparency of the types of external data used in AUW programs is vital for both regulators and consumers. Mitigation has always been an important part of the insurance marketplace – but consumers cannot take steps to lower their risk when they do not know what criteria are being used.

Thank you for the consideration of these comments.

Sincerely,

Brendan Bridgeland  
Director