



NATIONAL ALLIANCE OF LIFE COMPANIES

*An Association of Life and Health Insurance Companies*

July 15, 2020

The Honorable Jon Godfread  
Commissioner, North Dakota Insurance Department  
Chair, NAIC Innovation and Technology (EX) Task Force

Re: Draft UTPA Amended Language Addressing Rebating

Dear Commissioner Godfread:

I am writing on behalf of the members of the National Alliance of Life Companies (the NALC), an association of more than 50 life and health insurance companies and associate members. Our members focus on addressing the life insurance needs of middle income and working class Americans. We appreciate the opportunity to comment on the draft changes to the NAIC Model Unfair Trade Practices Act (#880) (referred to as the Model, or UTPA).

NALC members have followed the work of the NAIC Innovation and Technology (EX) Task Force and related subgroups with great interest. We strongly support efforts to modernize existing regulatory requirements intended to expand technology-related innovation in products and services that benefit consumers.

We support the proposed changes to the UTPA in principle. The approach to rebating embodied in the Model was developed over a century ago when insurance products, methods of distribution, and consumer protection concerns were very different than today. Consumers stand to benefit from a modern approach that permits insurers to develop and provide value added products and services that educate consumers about risk and risk management. We believe that the proposed changes to the UTPA strike the proper balance between facilitating innovation while ensuring data privacy and protecting consumers from potentially abusive practices.

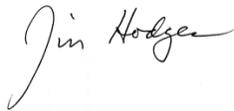
We do have questions about the language in subsection 2(e) granting individual Commissioners the discretion to approve pilot programs. We recognize the need for a mechanism allowing innovative companies to work cooperatively with their regulators to proof-test new product

designs and/or processes on limited basis that improve the consumer experience. We also see the benefit of states having a uniform set of “guardrails” to guide the exercise of individual commissioner discretion on a situation by situation basis.

Finally, we cannot overstate the importance that these changes to the Model are applied uniformly in every state. The current patchwork quilt of anti-rebating requirements among the states is not working. The adoption of various state-specific exemptions and exceptions through the years significantly increases the effort required by companies and producers attempting to ensure compliance in every state. Further, level playing field concerns arise when those exemptions and exceptions are not consistently applied. The problems associated with this lack of uniformity is well documented in the white paper “*Time to Dust Off the Anti-Rebate Laws*” appearing in the 2017 edition of the NAIC’s Journal of Insurance Regulation.

Thank you for allowing the NALC to comment. We look forward to the public discussion of these changes at your upcoming meeting.

Sincerely,

A handwritten signature in cursive script that reads "Jim Hodges".

Jim Hodges  
Executive Director  
NALC

cc: Denise Matthews, NAIC