

August 11, 2020

Mr. Raymond G. Farmer
President, National Association of Insurance Commissioners
Director, South Carolina Department of Insurance
P.O. Box 100105
Columbia, SC 29202

Dear President Farmer,

On behalf of the ACLI membership, I commend you and your colleagues for choosing to address equality as a priority for the NAIC. ACLI shares your passion and commitment to making a meaningful difference, which is why we have also brought this important societal issue to the forefront of ACLI's agenda, to be overseen at the highest levels of our organization.

We wholeheartedly agree that the time is now for a dialogue among all stakeholders on whether and how minority communities are being underserved or disadvantaged in the insurance marketplace. We must take a close look at our regulatory framework with an eye toward identifying and eliminating standards or practices that have the effect of depriving people of color access to affordable financial security protection. Our common goal should be a modernized regulatory framework that recognizes and incentivizes new and innovative methods of expanding access to Americans across the entire socioeconomic spectrum.

The NAIC's special session on race and insurance this week provides an important forum for discussing opportunities to ensure equality in the insurance context and beginning the process of coalescing around an overall plan for addressing them. As you recently pointed out, there is much more that unites us than divides us. It is in that spirit that we offer some preliminary thoughts on approaches under consideration at ACLI.

Proxy Discrimination

The artificial intelligence principles adopted by NAIC's Innovation & Technology Task Force set the stage for a more fulsome discussion of the concept of proxy discrimination. Racial discrimination in any form, direct or indirect, is wrong. We are taking a close look at the various types of non-medical data used in life insurance underwriting and will develop regulatory policy recommendations for regulators to consider in the coming weeks.

Expanding Access to Underserved Communities

Modernizing the regulatory framework must also bring about changes that encourage culturally diverse individuals to become licensed insurance producers to serve culturally diverse communities. We are pleased that you will be hearing from George Nichols III, President of the American College of Financial Services and former NAIC President, on the College's program

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

to recruit, educate, place and support thousands more Black American advisors, which will strengthen the financial health of communities of color. ACLI, NAIFA, AALU, IRI and the American College have made expanding access through distribution one of the cornerstones of our collective agenda.

Diversity and Inclusion Within Companies and on Corporate Boards

In recognition of the persistent racial inequities that exist across the country, private sector CEOs across the country have signed an Action Pledge on Diversity and Inclusion. The ACLI Board has signed this pledge and includes leaders who founded the pledge. It commits signatories to four key goals:

- Making workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion.
- Implementing and expanding unconscious bias education.
- Sharing best – and unsuccessful – practices.
- Creating and sharing strategic inclusion and diversity plans with our boards of directors.

The Action Pledge contemplates creating accountability systems to track and measure progress within the corporation. In recent months we have seen a number of federal and state proposals that would require reporting to governmental authorities of progress being made to achieve diversity both within the corporation and on the board of directors. Enhancements to the regulatory framework should involve a discussion of the most efficient and effective ways for tracking, measuring and reporting aggregate diversity and inclusion progress to regulators.

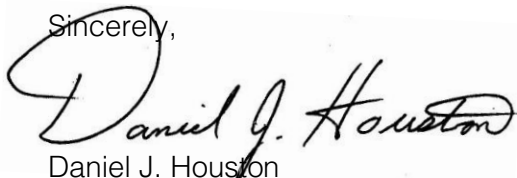
Financial Literacy

This is an area in which the NAIC is uniquely positioned to use its considerable resources as a bully pulpit for advancing financial literacy. Numerous studies have shown how financial empowerment can increase financial wellbeing across income and education levels, as well as push more households out of poverty. ACLI members are active supporters of financial literacy campaigns in communities across the country. Harnessing the power of these programs and partnerships through coalitions can help close gaps fueled by systemic inequality and build intergenerational wealth. We look forward to exploring ways in which we can align industry and NAIC resources aimed at achieving economic empowerment through financial literacy.

Conclusion

This summer marks an extraordinary time in history. Amid a global pandemic, an opportunity has arisen to advance America's declaration that "all men are created equal" with the kind of purpose and resolve not seen in half a century. We are eager to engage in a collaborative effort to advance diversity and inclusion in the insurance sector. As ACLI Chair, I encourage a robust dialogue focused on key objectives and measurable results and invite the professional staff of the NAIC to work with the ACLI as we all work to make a positive difference for our society.

Sincerely,



Daniel J. Houston
Chairman, American Council of Life Insurers
Chairman, President and CEO, Principal Financial Group

cc: Michael F. Consedine, NAIC Chief Executive Officer
Susan K. Neely, ACLI President and Chief Executive Officer