

TO: IIPRC Product Standards Committee

> Karen Shutter

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> FROM: Ryan Wilson, Brendan Bridgeland, Sonja Larkin-Thorne- Consumer Advisory Committee

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> RE: 5 Year Review of Individual Life Standards (Phase 1)

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> Item 1. GRACE PERIOD, Page 12, Item 5

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> The members of the Consumer Advisory Board met with Miriam Krol and representatives of her member companies to discuss the suggested removal of the Grace Period requirement. During the discussion we expressed our concerns with the insurance industry recommendation that the Grace Period protection for consumers be deleted.

> We requested examples of "how" this consumer protection requirement was harmful to insurance companies and or caused delayed in their premium processing. During the discussion with Brendan Bridgeland and Sonja Larkin-Thorne, neither the company representatives or Ms. Krol could provide one example of a company being harmed. We ask for policyholder counts of the number of payments that were paid because of the Grace Period requirement as part of what we thought would be follow-up discussions with Ms. Krol. We were informed by Ms. Krol that her companies wanted this change and no further discussions or meetings would take place.

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> Consumer protection is a critical issue in today's aging society, as families live further apart, individual's live longer and are confused by the complexity of policy language.

> We are in a world of increasing crippling disasters, floods, fire storms, wind and rain. Residents of New England states experienced back to back years of major snow and wind events cutting off mail delivery and pick-up for weeks in many areas. While the insurance industry claims to make allowance's for disasters on an individual basis, unless policyholder protection language is included in requirements such as the Grace Period requirement consumer's are at the mercy of a company who may or may not be receptive to doing the right thing.

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> While the insurance industry presented a list of 11 issues as to "why" this requirement should be removed not one of their comments regarding this issue provides any indication of "harm" caused by the inclusion of this consumer protection requirement. The list includes so called "potential solutions" like paying premiums electronically, use of secondary addressee's, not all consumers have access to computers or understand how too use them, or even have family and friends willing to take on the responsibility of bill paying.

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> The bottom line, the members of the consumer advisory committee can not find or have been presented with any examples of harm being caused by the Grace Period requirement and encourage the Product Standard Committee to continue to require its inclusion in the IIPRC standards.

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> Submitted by:

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> IIPRC Consumer Advisory Committee

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