



AMERICAN ACADEMY *of* ACTUARIES

December 1, 2006

Commissioner James Poolman
Chairman, NAIC Life Insurance and Annuities (A) Committee
and Travel to Foreign Countries Working Group

RE: American Academy of Actuaries'¹ Life Products Committee Comments on
Revisions to NAIC Unfair Trade Practices Act
Concerning Travel Underwriting

Dear Commissioner Poolman:

The Life Products Committee of the American Academy of Actuaries appreciates the opportunity to comment on the draft of the NAIC Unfair Trade Practices Act as it concerns travel underwriting, which was exposed for comment on November 27, 2006. As you know, the Academy's Life Products Committee authored a paper entitled the *Academy Life Products Committee Position on the Use of Travel in Life Insurance Underwriting* which can be found on the Academy web page at: http://www.actuary.org/pdf/life/travel_sept06.pdf.

We recommend changing (3)(a) under **Unfair Discrimination** (Section 4.G.) as follows:

- (3) (a) Refusing life insurance to, refusing to continue life insurance to, or limiting the amount, extent or kind of life insurance available to an individual based solely on the individual's future lawful travel plans unless:
- (i) ~~Individuals who travel are a separate actuarially supportable class whose risk of loss is different from those individuals who do not travel~~ The risk of loss for individuals who travel to a specified destination at a specified time is reasonably anticipated to be greater than if the individuals did not travel to such destination at such time; and
 - (ii) Such risk classification is based upon sound actuarial principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination.

Rationale: Travel should be to a specified destination, and the term "actuarially supported class" is not a defined actuarial term. This requirement, when properly phrased, is actually already part of sound actuarial principles, referred to in item (3)(a)(ii), but could be retained as rephrased, if desired.

We would be happy to answer any questions.

Academy of Actuaries Life Products Committee

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¹ The American Academy of Actuaries is a national organization formed in 1965 to bring together, in a single entity, actuaries of all specializations within the United States. A major purpose of the Academy is to act as a public information organization for the profession. Academy committees, task forces and work groups regularly prepare testimony and provide information to Congress and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions and other forms of risk financing. The Academy establishes qualification standards for the actuarial profession in the United States and supports two independent boards. The Actuarial Standards Board promulgates standards of practice for the profession, and the Actuarial Board for Counseling and Discipline helps to ensure high standards of professional conduct are met. The Academy also supports the Joint Committee for the Code of Professional Conduct, which develops standards of conduct for the U.S. actuarial profession.