



ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

May 13, 2020

To: All Insurers Authorized to Write Life Insurance and Annuities in New York

Re: Request for Special Report Pursuant to Insurance Law § 308

The Department of Financial Services (“Department”) is seeking information regarding the company’s business, sales, and underwriting practices related to recent changes in the equity and other financial markets and the impact of the COVID-19 pandemic. In addition, the Department is seeking additional information pertaining to the use of accelerated or algorithmic underwriting.

SECTION A – GENERAL BUSINESS UPDATE:

1. Please describe the company’s current practices and experience, including changes due to mortality risk, morbidity risk, interest rates, default risk, and risk of financial loss due to recent changes in equity and other financial markets.
2. What primary products is the company offering currently? How many life insurance policies and annuity contracts has the company issued/declined in each of the first 4 months of 2020? Are these products targeted to specific groups such as age, demographics, etc.? Is the company seeing an uptick, a flattening or a decrease in sales during this period, including replacement transactions? Does any one of these months stand out more than the others with respect to volume of applications received and/or policies or contracts issued?
3. Are there any products/policies that have recently been temporarily suspended or discontinued/not being sold in NY? Have there been changes made to maximum face amounts and/or benefits, including guarantees offered? What changes has the company made in age or health limits on new life insurance and annuity sales? When were these changes effectuated and what was the driving force(s) behind the policy changes?
4. What changes has the company made in life insurance and annuity product pricing for new sales?
5. What changes has the company made in life insurance and annuity pricing for existing customers?
6. What role, if any, did your reinsurance partners play in changes made under questions 2 and 3 above? What changes has the company experienced and expects to experience in the future with respect to reinsurance pricing as well as the availability of reinsurance?
7. What changes has the company made in underwriting of life insurance and annuity products, including changes in the use of accelerated underwriting (including the factors that are entered into the algorithm), i.e., increase or decrease in use? (See Section B that follows.)

8. What new life insurance and annuity product offerings and filings of policy forms does the company plan on making? Please describe the time frame. Are these new offerings a direct response to the current economic climate or were they already in the planning stages prior to the economic downturn? What business and/or consumer needs is(are) the new product(s) addressing?

9. How much notice is the company providing to its sales force before implementation of new products or changes to existing products?

SECTION B – ACCELERATED/ALGORITHMIC UNDERWRITING:

1. Does your company offer an accelerated or algorithmic underwriting program? An accelerated or algorithmic underwriting program is defined as any non-medical (i.e., no paramedical exam or not physically invasive) underwriting program or criteria based on external consumer data or information sources, other than an attending physician's statement, MIB Group, Inc. member information exchange*, motor vehicle report, inspection report or prescription drug database.

2. Does your company use external consumer data or information sources to supplement medical (i.e., paramedical exam or physically invasive) underwriting, other than an attending physician's statement, MIB Group, Inc. member information exchange*, motor vehicle report, inspection report or prescription drug database?

*This does not exclude other external information services that may be provided by MIB Group, Inc. outside of its member information exchange.

If your company has answered "NO" to both questions 1 and 2, then none of the remaining questions in this section B are relevant. If your company has answered "YES" to either question 1 or 2, please respond to the following:

3. For which products do you use the external data or information sources in questions 1 or 2? Include all form numbers.

4. Are there any limitations on the use of this external data or information sources in making an underwriting determination (i.e., above or below a certain face amount, age ranges, etc.)? And if so, what are the limitations?

5. What specific external data or information about life insurance applicants is being obtained with respect to questions 1 or 2?

6. How exactly is your company using the external data or information about life insurance applicants with respect to questions 1 or 2? If the information is being input into an algorithm or underwriting software, provide a specific breakdown of the program and any weights or scales assigned to any external data or information.

7. How does your company obtain any external data or information used? If it is obtained from an outside vendor, provide the name of the vendor and the specific services provided.

8. How is your company disclosing to the applicant for life insurance what and how external information is being used in underwriting?

9. What process or recourse do you provide for applicants should they receive an adverse underwriting decision as a result of the external data or information with respect to questions 1 or 2?

10. How is any external data or information about life insurance applicants being utilized, stored and destroyed after the completion of the underwriting process? Describe instances in which a policy is and is not ultimately purchased.

SECTION C – ADDITIONAL INFORMATION:

The Department of Financial Services is committed to working with its regulated entities to identify and address potential areas for further consideration and possible enhancement. Please feel free to identify any such areas, especially potential changes that, in your view, are non-controversial or technical in nature and could simplify or facilitate regulatory compliance.

Each response must be subscribed and affirmed as true under penalty of perjury by a senior officer of the company. Responses to Section A must be returned to the Department on or before **May 19, 2020**. All other responses must be returned to the Department on or before **May 29, 2020**.

All records that support your responses and any follow-up communications are subject to examination by the Department and the company must retain those records in accordance with 11 NYCRR 243 (Insurance Regulation No. 152). In addition, the company must preserve all documents and records related to the subject matter of this letter until notified otherwise.

The company should acknowledge receipt of this letter by sending an email to ALBLIF@dfs.ny.gov within **two business days** of receipt. All information submitted in response to this request should be emailed to the same email address. Please include the phrase “**308 Letter – MARKET CHANGES**” in the subject line of the e-mail. To submit a response by a different method, please contact the Department. Responses for all companies within a holding company system may be submitted in a single submission. For insurers not domiciled in New York, if you have responded to similar questions from the regulator in your state of domicile, you may provide a copy of those responses to satisfy or supplement your responses to this letter so long as they accurately reflect your business practices in New York.

Please direct all questions regarding this letter to Mona Bhalla, Deputy Superintendent for Life Insurance by e-mail at Mona.Bhalla@dfs.ny.gov

Very truly yours,



Mona Bhalla
Deputy Superintendent for Life Insurance