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# The University of Georgia

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**National Association of Insurance Commissioners  
Insurance Disclosure Focus Group Study**

**Conducted for the National Association of Insurance Commissioners  
By the Survey Research Center at the University of Georgia**

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## TABLE OF CONTENTS

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<b>Table of Contents</b>	<b>2</b>
<b>Study Objectives</b>	<b>3</b>
<b>Methods and Procedures</b>	<b>3</b>
<b>Table 1: Focus Group Participant Pool</b>	<b>4</b>
<b>Executive Summary</b>	<b>5 – 10</b>
<b>Individual Group Summaries</b>	<b>11 – 20</b>
<b>Atlanta</b>	<b>12 – 14</b>
<b>Thomasville</b>	<b>15 – 17</b>
<b>Phoenix</b>	<b>18 - 20</b>
<b>Appendix A: Focus Group Transcripts</b>	<b>21 – 79</b>
<b>Atlanta</b>	<b>22 – 40</b>
<b>Thomasville</b>	<b>41 – 61</b>
<b>Phoenix</b>	<b>62 – 79</b>
<b>Appendix B: Focus Group Recruitment Script</b>	<b>80 – 82</b>
<b>Appendix C: Focus Group Moderator’s Guide</b>	<b>83 – 99</b>

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# **NAIC Insurance Disclosure Focus Group Study**

## **Study Objective**

During December 2004 and January 2005, a series of three focus groups were conducted by the Survey Research Center at the University of Georgia under contract from the National Association of Insurance Commissioners (NAIC). The purpose of the study was to examine knowledge about insurance disclosure statements, understanding of the language of insurance disclosure statements, and respondent suggestions on ways to increase the effectiveness of insurance disclosure statements for consumer understanding of insurance policies. Focus groups were held in a southern metropolitan area (Atlanta, Georgia), a rural area (Thomasville, Georgia), and a western metropolitan area (Phoenix, Arizona) in order to represent a broad socioeconomic spectrum of insurance consumers. Data collected in the three focus groups are summarized below in an Executive Summary highlighting major findings of the study and comparing differences of respondents in each area, followed by a more in depth summary of each of the three individual focus groups. Full transcripts of each focus group are then presented in Appendix A.

## **Methods and Procedures**

Focus group participants for each focus group were recruited by telephone using a random digit dialing (RDD) technique. Each focus group participant was screened to insure that (1) the participant held at least two insurance products relevant to the study, and (2) the participant was not employed by or otherwise directly involved in the insurance industry. The recruitment protocol utilized is presented as Appendix B. The RDD recruitment procedure was intended to produce a sample of participants representing a diversity of gender, ethnicity, and urban/rural status. A total of twenty-four participants were recruited and participated in the focus groups across the three study cities (See Table 1). The participant pool included seven white females, five white males, five African-American females, three black males, one Hispanic female, one Hispanic male, and one Asian male. Each focus group participant was paid an honoraria of \$50.00 for participation in the one and a half hour focus group session. Focus groups were held at a conference room rented at a hotel in each of study locations. Participants were provided with refreshments at each session. Focus group sessions were video and audio taped to assist in transcription of the focus group sessions. The Focus Group Moderator's Guide is presented in Appendix C.

**Table 1****Focus Group Participant Pool**

	n	% By Location	% Total Participant Pool
<b><i>Atlanta:</i></b>			
White Female	2	22.2	8.3
White Male	1	11.1	4.2
African-American Female	5	55.6	20.8
African-American Male	1	11.1	4.2
Hispanic Female	0	0.0	0.0
Hispanic Male	0	0.0	0.0
Asian Male	0	0.0	0.0
TOTAL	9	100.0	37.3
<b><i>Thomasville, Georgia:</i></b>			
White Female	1	14.3	4.2
White Male	2	28.5	8.3
African-American Female	0	0.0	0.0
African-American Male	2	28.5	8.3
Hispanic Female	1	14.3	4.2
Hispanic Male	0	0.0	0.0
Asian Male	1	14.3	4.2
TOTAL	7	99.9	29.2
<b><i>Phoenix, Arizona:</i></b>			
White Female	4	50.0	16.7
White Male	2	25.0	8.3
African-American Female	1	12.5	4.2
African-American Male	0	0.0	0.0
Hispanic Female	0	0.0	0.0
Hispanic Male	1	12.5	4.2
Asian Male	0	0.0	0.0
TOTAL	8	100.0	33.9
<b><i>Participant Pool:</i></b>			
White Female	7	----	29.2
White Male	5	----	20.8
African-American Female	6	----	25.0
African-American Male	3	----	12.4
Hispanic Female	1	----	4.2
Hispanic Male	1	----	4.2
Asian Male	1	----	4.2
TOTAL	24	----	100.0

## Executive Summary

Study participants were asked to read and then discuss three separate insurance disclosure statements: a Life and Annuity Replacement Disclosure, a Privacy Disclosure, and the Summary of Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions Disclosure. The language of the disclosure statements discussed were provided by NAIC and intended to represent a generic disclosure applicable to all states.

- Consumers indicated limited understanding of the insurance disclosures they read, and when respondents indicated understanding, subsequent comments often revealed how limited their understanding actually was.
- Consumers look to insurance disclosures to make them feel better about their insurance purchase and to empower them with more information about the actions available to them. A disclosure may also motivate action by raising concerns or questions. If that is combined with specific information about how to take action to address concerns or questions, then that is a positive outcome. If there is no information about an appropriate action in the disclosure, consumers were frustrated, intimidated, and irritated.
- Consumers responded more positively to more specific information. Examples included questions for the consumer to ask.
- In general, consumers assumed they would receive disclosures *before* they buy a policy.
- In general, many consumers said they would like to have someone explain the disclosure to them. Many indicated they would expect that to their insurance agent.

## **Ideas About How to Make Disclosures More Useful**

### ***Organization:***

- A heading that communicates the value to the consumer of reading the disclosure
- The most important information near the beginning (i.e. the purpose, action required)
- Break information into sections

### ***Presentation:***

- Make the disclosure as short as possible
- Use shorter sentences
- Use a format that looks readable (bullets, charts, lists)
- Use color and highlighting to emphasize important points and signal section changes
- Use a larger font
- Make the disclosure look important (put it on different color or type of paper; present it separately from other paperwork)
- Highlight any action suggested or required
- Be as straightforward as possible
- Don't use small sheets of paper (which require small font)

### ***Content***

- Require and action – signature/initials/checklist
- Don't repeat information
- Provide examples
- Provide a way to get more information online and by phone or in person or by e-mail
- Include a glossary
- Don't provide information about x + y to the consumer who only has x or clearly label sections so the consumer can go directly to the information relevant to their purchase

## Summary of Responses to Individual Disclosure Statements

### *Life and Annuity Replacement Disclosure:*

- Respondents across all three groups reported at best a limited understanding of the basic disclosure language of the Life and Annuity Replacement Disclosure. There did not appear to be differences in level of understanding based on gender or ethnic differences. Subsequent discussion of the disclosures reinforced the impression that their understanding was limited. Respondents in the Phoenix, Arizona session reported some difficulty in understanding the concept of financed purchases. A number of respondents in both the Phoenix and Thomasville sessions reported that the language was too wordy and required multiple reads to understand the language.
- Respondents across all three groups reported the second page of the disclosure that presented key pieces of information about a Life and Annuity Replacement Disclosure was the most important piece of information in the disclosure language, and generally agreed that this was the most helpful information in the disclosure.
- Respondents all felt that the information provided in the disclosure was important information to have, but most felt that the average consumer would not read the entire disclosure due to the language on the first page. Over 30.0% of respondents (8 of 24) across the three sessions reported that they definitely would not read, or would not read all of the disclosure if it were attached to a policy they bought.
- Respondents suggested a number of ways to improve the disclosure, including the use of color or a different font to draw attention to important parts of the disclosure (Phoenix, Atlanta), a checklist or bullet points with important points for the consumer to read (Phoenix, Atlanta), or in chart form (Thomasville). Finally, it was suggested that a link to a web site with explanatory information might be helpful (Thomasville).

### *Privacy Disclosure:*

- There was some general misunderstanding of the Privacy Disclosure language across the three groups, although there did not appear to be systematic differences based on gender or ethnicity. The primary reason for misunderstanding the language in the disclosure was the phrase ‘unless permitted by law’, and not knowing what would actually be permitted under the law. Respondents in each of the three cities cited this portion of the disclosure. There appeared to be uniform understanding across the three groups that the disclosure dealt with release of personal information to other companies and the procedure for requesting that personal information not be disclosed.
- Respondents uniformly cited the section of the disclosure providing a telephone number and opt out procedure as the most important information provided in the disclosure.
- The discussion was sidetracked to varying degrees in each of the focus group sessions by the generic format of the disclosure.
- Although most respondents reported that they would read the disclosure if it was attached to a policy they purchased, some segment of each group reported it was not likely they

would read the disclosure, and that they had not read the disclosures they had already received.

- Suggestions for improving the Privacy Disclosure included changing the title of the disclosure (Phoenix), less repetition in the language and perhaps a small section highlighting the most important points (Thomasville), and an explanation of ‘disclosures permitted by law’ (Atlanta).

***Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions:***

- There was a limited understanding of the disclosure across the three groups with the greatest understanding in Thomasville, Georgia. The initial response to the Summary of Life and Health Insurance Association Protection Act Disclosure Statement varied significantly across the three focus groups. The Atlanta group had the most negative comments about the disclosure, noting that it was too broad, contained too much information, was cumbersome to read, and contained too many exceptions. In contrast, the Phoenix group reported it was the easiest of the three disclosures to read, liked the explanation of exceptions, and felt the format of the disclosure was good. Respondents in the Thomasville group also felt the disclosure language was easy to read, liked the format of the disclosure, and felt it was the easiest of the three disclosures to understand.
- Important points noted in the disclosure were the limitations and exclusions (Atlanta), and coverages and exclusions (Phoenix).
- As with the previous disclosures discussed, most reported they would read the disclosure, although some reported they would not.
- Suggested changes to the disclosure statement included reducing the amount of information being presented and focusing more on the exceptions (Atlanta), changing the formatting and title (Thomasville), and use of color or a checklist to highlight important points in the disclosure (Phoenix).

***Communication Between Agents and Consumers:***

- Respondents in all sessions agreed that a call from the insurance company to discuss disclosures would be helpful, and that more personal service would be positive. In this sense, respondents seemed to overwhelmingly prefer being read a disclosure, but only if an agent or other person explained the language they read.
- When asked if they usually read the disclosures attached to insurance products, responses were again varied, with some reporting yes and some reporting no.
- Respondents seemed to suggest that more concise, shorter disclosures were preferable, but only if all key points consumers needed to know were included in the disclosure. Several respondents expressed frustration with the amount of jargon included in disclosures, and the specific way insurance disclosure statements are written.



## Summary of Responses by Focus Group Site

### Life and Annuities Replacement Disclosure

#### *Atlanta, Georgia:*

- There was some indication respondents didn't understand everything, but in general they did.

#### *Thomasville, Georgia:*

- The exchanges demonstrated they didn't understand the disclosure. Several respondents specifically stated that they didn't understand the disclosure. It seemed even more apparent they didn't understand the disclosure when their answers to the 'anything you're expected to do' questions were nonresponsive.

#### *Phoenix, Arizona:*

- Respondents didn't really understand the disclosure. There were too many things in the disclosure that weren't relevant to the insurance experience (financed purchased, annuities).

Respondents looked to the disclosure to make them feel more comfortable about their purchase, to empower them – and the disclosures did not achieve that.

### Privacy Disclosure

#### *Atlanta:*

- Respondents were somewhat sidetracked by discussions about a basic disagreement with the idea that consumers should be required to opt-out instead of opting in. Respondents were frustrated by important missing information. For example, respondents asked what is permitted by law and felt the disclosure should have provided that information. Respondents tended to comment positively on specifics, such as what questions should they ask, and types of personal information to be sold. Respondents appeared to assume that they would have these disclosures *before* they bought the policy.

#### *Thomasville:*

- Respondents were sidetracked by the generic format of the disclosure. They described the disclosure as repetitious. Respondents were also frustrated by the 'as permitted by law' phrase. Respondents assumed that if you called the telephone number provided in the disclosure they could talk with someone about what was 'permitted by law'. The disclosure made respondents more concerned about the confidentiality of their private information but also provided a way for them to act on that concern.

*Phoenix, Arizona:*

- Respondents were somewhat sidetracked by the format, and not very confident about their understanding of the disclosure. Despite saying they would read it all they agreed that they really don't read privacy disclosure when they receive them.

**Summary of the Life and Health Insurance Protection Association Act and Notice  
Concerning Coverage Limitations and Exclusions**

*Atlanta:*

- It was not obvious that respondents understood the disclosure, with only the comments of one respondent indicating that they understood.

*Thomasville, Georgia:*

- There was some evidence that respondents did understand the disclosure, but the action they believed is implied was not correct. For example, respondents repeatedly indicated that it was in their interest to buy two policies from different companies.

*Phoenix, Arizona:*

- The limited discussion was too short to draw firm conclusions about respondents' understanding of the disclosure, but respondents reported that they thought they understood.

## **INDIVIDUAL FOCUS GROUP SUMMARIES**

**NAIC Focus Group  
Atlanta, Georgia  
12/14/04**

*Summary Notes*

The first NAIC focus group met in the meeting room of the Hampton Inn in Gwinnett County, Georgia on Tuesday, December 14, 2004. This was the first of three focus groups conducted for the NAIC. Nine people were in attendance. The purpose of the focus group was to determine the level of understanding average people have of the language used in insurance policy disclosure statements, specifically Life and Annuity Replacement Disclosure, Privacy Disclosure and the Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions.

The moderator, Mary Ann Mauney, first gave an introduction and a brief explanation of what was to take place during the focus group. Everyone introduced themselves and the focus group began.

Life and Annuity Replacement Disclosure

The first thing to take place was the hand-out of the Life and Annuity Replacement Disclosure. All participants were in agreement in that they all understood what this document was saying. The most important points that participants mentioned varied somewhat, but all agreed that it was important information and that they need to look closely at insurance policies from several different perspectives and weigh the information (especially the bullet points) before they make any changes to their insurance or annuities. A few participants had never thought about these things before. All agreed that there were things that they should do before changing their insurance or annuities.

There were mixed responses as to whether or not they would read this disclosure if it were attached to a policy they were thinking about buying. Most would not read it right away as they were buying the policy, but would keep it on file to read later if something came up. They thought that the form should be made more attractive, or at least more eye-catching to draw attention to it (headline it with “Customer Alert,” “Make it shout out”), and that the print should be bigger.

Privacy Disclosure

All but a few participants did understand the Privacy Disclosure, but were irritated by it. One big topic of discussion was the phrase, “except as permitted by law.” They asked, what does that mean? What is the law? The agreement among the group was that this phrase should be explained.

A second and even more irritating point of contention was the ‘opt out’ policy. All participants agreed that they should not have to make a phone call to opt out, but rather should have to make a phone call to ‘opt in.’ It’s worrisome to most that their social security numbers and other private information will be given out to other companies. Even if they opt out, they said, some information would still be given out to “affiliated” companies.

If the Privacy Disclosure were attached to a policy they were buying, most said that they would not automatically read it because it’s so plain and it doesn’t stand out. They felt that a form such as this should need their signature, so that they would know the importance of what the form is saying and not just pass it by in the mix of all the other forms in their packets.

When asked if there was anything they would change to make the document more useful to them, again, the topic of opting out came up. This should be closer to the front of the document and in bolder print and perhaps even the name of the document should be changed to make exactly what the document says clearer.

#### Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions

This document seemed to cause the most confusion. Comments made were, “There’s too much information” and “It’s too broad.” And on top of that, “it listed a whole bunch of stuff, but didn’t list everything.” Participants agreed that they did not know, by reading this document, what benefits or exclusions would apply to their policies.

They agreed that it’s important information, but that there were too many words, it was too much back and forth and that it wasn’t clear what exactly would apply to them. They did point out that the limitations were very important.

Most participants thought that the document was too hard to read, so even if they started reading it when they bought their policy, they would not finish it. The title is daunting and the document needs to be broken up into separate documents that would be clearer and easier to understand. Another suggestion was to make it more specific to each policy. All agreed that the document, as it now stands, does not give them the information they need.

#### Agent Feedback

This last section covered the relationship between clients and their agents. Participants were first asked how long they think disclosures should be. Most said that these were too long and got confusing in some places. Recommendations were to cut down the amount of information given and offer the important information in more concise terms and shortened pages and that bulleted sentences are helpful.

Most participants believe that a good insurance agent is necessary. They want an agent that will explain these disclosures to them and be available to answer any questions they may have. They also agreed that a personal phone call from their agent to see if they have any questions is beneficial.

In conclusion, this group did have important points to contribute to the focus group. They did have questions about the disclosure statements, were confused about some parts of some of them, and irritated by other parts. They had suggestions as to how the documents should be changed to make them easier to read and understand. They agreed that they learned something from attending this discussion.

*NAIC Focus Group  
Thomasville, Georgia  
12/16/04*

*Summary Notes*

The second NAIC focus group met in the meeting room of the Quality Inn and Conference Center in rural Thomasville, Georgia on Thursday, December 16, 2004. This was the second of three focus groups conducted for the NAIC. Seven people were in attendance.

The moderator, Mary Ann Mauney, first gave an introduction and a brief explanation of what was to take place during the focus group. Everyone introduced themselves and the focus group began.

Life and Annuity Replacement Disclosure

Although most of the participants did understand this document, a few did not understand it at all, or did not understand parts of it. The second page, or listed items, seemed to be more understandable and more important to most of the participants than the first page, and all agreed that this section was most helpful. The first page caused much more trouble. Participants said that the first page was too wordy, the sentences were too long and it was much harder to understand.

When asked if they thought there was something else they were expected to do, most agreed that they needed to get more information before they replace a policy. Also, most of the participants said that they probably would not read the disclosure, or at least not all of this disclosure before they bought the policy, but may read it afterward, especially if they needed to make a claim.

Suggestions for making the document easier to read included: making the print bigger, make it into a chart or diagram, break it up into smaller parts, simplify it and put in some examples to help explain the meaning. In making the document easier to understand, some suggestions included,,: having the documents on a laptop and an agent to go through it with the customer, step by step, to format the information in the form of a list instead of paragraphs, and to furnish a web site where the customer can do his own research.

Privacy Disclosure

This group found the privacy disclosure much easier to read and understand. They felt it was simpler, less wordy and more to the point. Also in this group, there was much less discussion about the 'opt out' section and it seemed that the group, as a whole, did not grasp exactly what that was saying. They thought that there should be a way to opt out of the company's policy to share information (not understanding that it was included in the

disclosure). They accepted the fact that a company would not disclose personal information, “except as permitted by law.” The concern for this group was, what if the law changed? They did feel that the information given in this disclosure was important.

There was little discussion about what the participants felt they were supposed to do after reading the document, it seemed that they didn’t know what to do, except sign it if they agree to it. The concern was still about the laws changing.

Some agreed that they would read it if it were attached to a policy they were buying (it was easier to read), but one individual felt that it should be separate from the policy, made available before anyone even gets their policy.

One suggestion was made that, in order for them to be more likely to read the form, the first sentence (or title) should say, “We will disclose your information to anyone permitted by law.” And then the rest should follow. Another person suggested that it should be blocked out, that that part should stand out.

In order to make the document easier to read, suggestions included: mix up the words because it’s too repetitive, change the format and highlight the most important things and use 4” x 8” index cards. Following that line of thought, another person suggested that, in order to make the document more useful, this idea should be carried out online, not only to make it easier to understand, but to have links to one’s agent and to any applicable laws that may have changed.

#### Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions

This disclosure, despite the title, was easier for this group to understand than the previous two disclosures. Participants liked the layout, and did not feel that it was as repetitive as the others.

The most important things the group gleaned from this document were the limits on the amount of coverage and the fact that they have some recourse if the company goes bankrupt. All agreed that the information covered in this document is important.

But there did seem to be some confusion about whether all agents, or companies, had to be a member of the Life and Health Insurance Protection Association and who would administer the pay-outs. Even though the participants said they did understand the disclosure, they had many questions concerning how the Life and Health Protection Association actually works.

Most participants felt like, after they read this disclosure, they should go back and review their insurance coverage and perhaps scatter their policies among different companies. For the most part, they felt like the title should be changed, but reading the document itself was easy to read and understand.



## Agent Feedback

Most participants agreed that the disclosures were just long enough to understand them. They all said that they read all the disclosures that come with their insurance policies. They also agreed that it's helpful when their insurance agent calls them to talk about their policies. One said, "That's the only way I think it should be." While one person said you should already have read the disclosures and understood them before you signed the policy, others agreed that the personal contact is important and helpful in understanding the policy.

Some said that their insurance agent should call them if a law changes and explain to them how it will affect them personally. And all agreed that an insurance agent should call them to make sure that the policy and disclosures were explained to them to their understanding.

In conclusion, this group did not appear to be as knowledgeable as the southern urban group. While everyone did take part in the discussion, a few seemed to lead and others followed. It's not absolutely clear that everyone did understand the disclosures and it was apparent that they were confused about, but thought they understood, parts of some of the documents. The point that was most clear to this observer is that they want and feel they need the personal contact of an insurance agent they can trust.

*NAIC Focus Group  
Phoenix, Arizona  
2/10/05*

Summary Notes

The third NAIC focus group met in the meeting room of the Sunshine Hotel in Phoenix, Arizona on Thursday, February 10, 2005. This was the last of three focus groups conducted for the NAIC. Eight people were in attendance. The purpose of the focus group was to determine the level of understanding that average people have of the language used in insurance policy disclosure statements, specifically Life and Annuity Replacement Disclosure, Privacy Disclosure and the Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions.

The moderator, Mary Ann Mauney, first gave an introduction and a brief explanation of what was to take place during the focus group. Everyone introduced themselves and the focus group began.

Life and Annuity Replacement Disclosure

This group said that they basically understood this disclosure, especially the second page. But there was some discussion and questioning of the meaning of 'financed purchases.' Participants did not understand what this meant at all. Some do not like the advice to contact your agent, because they do not know or trust their agents. Others do. Some observed that this document was too wordy and sometimes hard to understand. They needed to read it more than once to get an idea of what was being told to them. All were in agreement that the second page, that really explained the terms, was very good, but the first page was very difficult.

They agreed that the second page (the list of definitions/questions) was very important and should be before the first page, because that would help them better understand the first page. They felt that it should be at the very front of the insurance policy packet, before anything else. And some felt that the difference between insurance and annuities should be made clearer.

One person did say that, after reading this disclosure, he feels he should re-examine his own policies and be sure he is where he wants to be. Most admitted that they would not read this disclosure if it were attached to their insurance policy.

Suggestions as to ways to make the document might be changed so that people will read it included: change the font so that it looks different from the rest of the insurance packet, be made to initial each page, or even each paragraph and have the insurance agents make the time to go over everything with the customer, explaining every paragraph and every page.

When asked what could be changed to make the disclosure more understandable, one person pointed out that the document assumes the reader has a basic understanding of insurance and annuities. Another said she didn't understand some of the basic terms, such as "forfeit" and implied that those needed to be explained. One more person said that the document needed to be more "visual" and less wordy by adding color or icons or other things that would catch his attention.

To make the document more useful, one participant suggested a check list in front of the insurance packet that lists everything that needs to be read. A few liked the idea of room to answer the questions on the 2<sup>nd</sup> page, more like a worksheet than an information sheet.

### Privacy Disclosure

The participants of this focus group felt like they understood some of this disclosure, but that it wasn't clear at all. Again, the question of law came up—what does that mean, what is permitted by law, what is the law? Participants agreed that they felt violated and wide open when reading this, and even in the opt out section, there was that phrase again—"except as permitted by law." They agreed that they wanted more explanation of the law as well as exceptions—some were confused by the exceptions and exactly what that means.

The most important points mentioned by the participants were the opt-out section and the toll-free number as well as the last paragraph that details the safeguards the company takes to protect their customers' privacy.

Most agreed that they would read this document if it were attached to their policy because privacy is such a big issue now, but suggested bulleted points might be a better way to present the information.

Suggestions for making the document easier to read included: simplified and more straightforward language, a list of affiliated companies and an explanation of the "disclosures permitted by law." Things that would help these participants better understand this disclosure include: seeing some examples and talking to a person.

### Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions

Most focus group participants agreed that this document was the easiest to read and understand of the three they were given. The language was better, it flowed better and the format made it easy to understand. Most important to some participants were the coverages and explanations.

As to things the participants felt they should do after reading this document, one person said simply, "... you'll want to make sure you're dealing with a reputable insurance company."

Participants first agreed that they would definitely read this document if it were attached to an insurance policy, but then relented and said it depended on where it was located in the insurance packet. They suggested that it should be highlighted, printed in bold and colors should be added. As far as making it easier to understand? Participants agreed that it is already easy to understand.

### Agent Feedback

The length of these documents, by themselves, seemed just about right. But when put with everything else that comes in an insurance packet, that might change, according to the group participants.

Most agreed that they don't read everything that comes with their packets when they purchased insurance, with one exception. All agreed, however, that it's important to read it.

Most do depend on their insurance agents to obtain the information they need and they want that personal connection with an agent or a company. One participant suggested that insurance companies set up "workshops" to explain everything to people who buy policies. Others just wanted some kind of personal contact, personal service or just a personal touch to their insurance transactions.

In conclusion, this group was concerned and even passionate about this discussion. The privacy disclosure evoked the most discussion, confusion and frustration. All agreed that a personal touch or human voice from an insurance agent or company would benefit them the most regarding all these documents.

**APPENDIX A:**  
**FOCUS GROUP TRANSCRIPTS**

**NAIC Focus Group Transcript**  
**12/14/04**  
**Atlanta, Georgia**

Participants: BETH – Black Female, DENE – Black Female, GLEN – White Male, JUDY – Black Female, MARK – Black Male, PAIGE – White Female, RACHEL – White Female, ROBBIN – Black Female, SHANDERIA – Black Female.

MA: Hello, everyone. My name is Mary Ann Mauney. I am the assistant director of the Survey Research Center at the University of GA. Thank you for agreeing to come here today to talk with me. Our discussion today is going to be very informal and will deal with the language used in insurance policies and how effective the language in allowing policy holders to understand their policy. I'll be talking with another group like you in another part of Georgia and also a group in Phoenix, Arizona.

I am interested in what you really think about the things I will bring up -- there are no right or wrong answers. I am not here to see if you know certain answers to my questions; all my questions are to find out your opinions and suggestions. I hope you will feel comfortable telling me your true opinion about the things we talk about.

I will not use your names in my report -- sometimes, that helps people feel more comfortable about telling me what's really on their minds.

Our discussion today will be both video and audio-recorded so that I can concentrate on talking with you. We'll use the video and audio just so we can make sure we remember everything that you say. After we summarize all the things you say in our group discussion, we'll destroy all of the tapes so no one will know who said what.

Because of the recording, it will be very important for everyone to speak at least as loudly as I am speaking. If you aren't talking loud enough I'll just ask you to speak a little louder.

The first thing I would like to do is to pass out these consent forms and have you carefully read what you will be required to do today. Once you have read the consent form, please sign one copy of the form for yourself and then sign the second copy of the form and pass it back to me. If you have any questions, please don't hesitate to ask.

INTRODUCTIONS: Now I'd like to help you to get to know each other a little bit. To do that, I'd like to go around the room and let each person tell us their name and what they do.

PAIGE, would you like to start?

PAIGE: Hello, my name is Paige. I go to GA State, and I work for an architectural design firm.

RACHEL: My name is Rachel. I've been retired for two years. And before that, I was a computer programmer.

BETH: My name is Beth. I work for a consulting firm. I'm the office manager. And I've been doing it for the last, almost ten years.

MARK: My name is Mark. I go to ITT Tech.

GLEN: My name is Glen and I'm retired from the military. I'm a great grandpa.  
[laughter]

JUDY: My name is Judy and I am a retired banker, and I just recently started back, working part time.

MA: Thank you very much. Now, if you'll just tell me what kind of insurance policy you currently hold. Whether its life insurance, an annuity, long term health care policy, accidental death. Whatever kind of insurance you have, ok?

PAIGE: OK. I can honestly say I don't know all of them. But, I have car insurance and health insurance, and I'm getting life insurance.

MA: And you get that through your job?

PAIGE: Yes.

RACHEL: OK, I have car insurance, home owner's insurance, medical insurance and, um, we do have some long term care insurance.

BETH: We have, um, homeowner's, car, and life insurance.

MARK: I have homeowner's, car, health, life.

GLEN: Well, let's see. I have homeowners, I have three commercial properties with insurance. And of course automobile. I have annuities for survivor benefits plan, times two. And health insurance, and life insurance.

JUDY: And I have life insurance, homeowner's insurance, car insurance, um, something else I have, um, medical insurance...um....

GLEN: Disability?

JUDY: Yes.

GLEN: I have that also, I forgot to mention it.

MA: [Pause; handing out replacement disclosure]

OK, now, the next part is where you read a replacement disclosure. Now this is, well you'll read what it is, but a disclosure is the insurance company telling you what you'll get. And this is front and back, and it's a pretend policy. If you just take a few minutes to read that, and I'm going to ask you specific questions about it. And if you don't understand, that's fine, we really want to know that, actually.

MA: Is everybody done? [yes] Paige, did you understand what it said?

PAIGE: Um, I think so. I think it's just asking me questions of things I should think about before I finish my policy. And, what things that I need to consider.

RACHEL: I think that's true. You know, make sure you know what you're doing, if you really want to do it or not.

BETH: It was all new information to me, and it's made me feel a little intimidated. And, I probably wouldn't switch if I was given this, instead of worrying about all the stuff that's on here.

MARK: Yeah, I understood it. Basically, you gotta think before you change policies. You gotta know the cost of what you're doing.

MA: OK. Glen?

GLEN: Its pretty basic. Definitely, know what you're doing before you step in water. There are all kinds of people out there . I'm sure everybody here's got a relative or friend that would need some advice. So, I would definitely look at this and read the fine print.

JUDY: I pretty much understood it, too. It's just when you get into this type of disclosures and all that you get so much to read that, you have to go back and refresh yourself on what you did read. Let's say the first paragraph, like, 'did I read this right or is this backtrack'. But, like, it needs to be shorter. I understood it though.

MA: Lets go on. Let's start with Judy though. What is the most important thing, in what you read?

JUDY: The most important point for me was, um, it was talking about how to get a new life insurance policy. But I would probably have to get more information on the new policy, because my old one, uh, might be the best one. It's just, I'd need to look at it.

MA: OK. Glen?

GLEN: Well, I think the best information according to these things here is, you've got to remember you're getting older all the time. If you got a policy 20 years ago, you're not going to replace it at the same dollar that you did back then. So that's the first thing we need to look at. Annuity-you're going to have to look at the interest involved, the rate of return.



MA: OK. Mark.

MARK: What he said. Also, you've got to look at the difference in cost of the old insurance policy versus the new one.

MA: OK, Beth, the most important point that you read?

BETH: Um, this part where it just kind of breaks it down, subject by subject. That was more informative than the first page. It was stimulating your mind on what you need to think about.

RACHEL: It seems like if you had an existing policy then, the more you put in, the better. I don't see changing replacements as too much of a risk, really. Sometimes if you buy two insurance plans, and it wasn't too long ago it might be cheaper to buy, but it just depends on what it is. And also, with annuities, many times there is a surrender charge, depending on how long you've had it. You just need to get all the facts and weigh that into your decision whether you'll change what you've got already.

PAIGE: Um, well, I've never had to change insurance policies, because I've been insured through my work and by my parents. But I would never have thought of any of those things that are listed right there, so that's pretty much a good breakdown for me, as far as the things that I would have to look at if I have to change.

MA: Shanderia, did you have a chance to look that over?

SHANDERIA: Um, briefly. I was just listening to some of these comments, so I know the point of view. I know it's talking about changing insurance policies, which I have never had to do either. But still, before you do it, look at how it'll work for you, see how protected you are.

MA: Does this seem like important information for an insurance consumer to have?

[All]: [agreement]

MA: I think that's pretty evident from what ya'll just said.

GLEN: In fact, I think there should be a course after this to explain my insurance.  
[laughter]

MA: That would be a great idea. Um, do you think that there's anything you're expected to do, or should do, now that you've read this? If you were, shopping around for a new policy?

BETH: I'd say ask a lot of questions.

MA: OK, anybody else?

GLEN: Well, to go back to what she said about term insurance, term policies normally have no existing value to them. You're often times, you are better off, changing a policy. Especially if you buy some new properties, and you need to increase it. You're better off to buy a new policy than keep the old one. See, those are things you need to look at. And I think this would be good [pointing at sheet] for someone to sit down, and put the pen to the paper, and figure that out.

JUDY: The other this is, near the bottom of the first page, it says '[???' will retain all [???'']'.

SHANDERIA: Oh, definitely. They'll keep everything, especially if you sign it.

MA: I almost think you've answered the last question, if you think there's anything you're expected to do or should do. Do you agree or disagree with that?

[All]: [agreement]

MA: Here's the kicker question. Be honest. If this were attached to a policy, would you read it?

GLEN: Yeah, I would read it.

PAIGE: Yes, because if I go through papers like that, and I don't understand something at first, I'm more likely to skip over it, and go back to the beginning again. If this is the first of something that I got, I would catch onto this, and I would, I would probably read it more than once, actually.

MA: OK, Rachel?

RACHEL: Well, if you're considering buying insurance you would want to make sure you fully understand everything you read before you sign it.

MA: Robbin?

ROBBIN: I would need to read it, with help, by asking questions.

MA: As you were getting insurance, would you automatically just read all this?

SHANDERIA: No.

MA: Thank you for being honest. I mean, I think you all are honest too. [laughter]  
Ok, Beth.

BETH: Um, if this came in the mail, like with State Farm or whatever, and they were saying this was an update, it would go straight in the garbage.

MA: Mark?

MARK: I would browse through it, and then get whoever was trying to sell it to me to explain it to me.

MA: Ok. Glen?

GLEN: Well, I can answer this question very honestly, because a young fellow in South Carolina had a very similar format, that he laid in front of me, and said 'these are things you need to consider'. And, he was an independent insurance agent, so I'm not going to mention any names, but these are the things, he said, that you need to look at. So, I liked that young man because he laid everything out on the table, and right down to, 'can you afford this?'. Because, sometimes you can't. So, I have had this laid on me in a similar format, not just like this, and I did read it, and I did use it.

MA: Dene

DENE: Probably not. Now, I might save it and file it, but I probably wouldn't read it.

JUDY: I probably would not read it until something came up, and then I would go back and read it at that time. And, realize I should have read it in the beginning.

GLEN: But she said 'if you were thinking about buying it', would you read it if someone handed it to you then? Was that the question?

MA: If it were attached to a policy that you bought...

JUDY: Ok, no. Like I said, no, I would not.

MA: Can you think of any way that this form that you read might be changed, so you'd be more likely to read it?

JUDY: Some type of different print maybe, or different color.

BETH: Yeah, more attractive, maybe.

GLEN: Make it something like the Privacy Act maybe, where it says 'Consumer Alert' or something. You know, get your attention.

JUDY: Because when you look at this, this is just like any other piece of paper that we get. I, I probably...

BETH: It's very small print. There are a lot of people who can't read fine print.

MA: Anybody else?

RACHEL: If it said something like 'this can save you money', I would probably read it.

[All]: [agreement]

ROBBIN: If it was a bit more succinct, and maybe bullet points, where I could just kind of scan it faster, and see what the material was.

MA: Can you think of any ways this might be changed so you'd be more likely to understand it?

GLEN: You mean personally? No. It's pretty understandable, once you read it. I think the trick is reading it.

MA: Anybody else?

JUDY: I definitely agree that the trick, I mean, you'd have to read it. I'd probably have to read it twice. I'd read it fast, and then I'd go back over it and...like you said, you said bullet points, but I would just probably, probably let the things sink in a little bit better.

BETH: There might be some terms in here that people who are not familiar with insurance might not understand. They could have some explanation, that might be more...

RACHEL: I think the question [???], because it just lost my interest reading it.

GLEN: Well, that goes back to what I said, make it like a consumer alert...a frame around it or something. Read, before you make a decision.

MA: One more question. Can you think of any way that this might be changed so it will be more useful to you?

GLEN: Well, I agree with Paige, that to be more useful would be to have it first.

MA: What first?

GLEN: You know, these are things you need to consider before you go through these other things.

JUDY: Make it shout out, I mean, this is just so plain, it's boring really. You've seen one disclosure, you've seen them all. I mean that's just it, just make it a little bit more exciting...different type of paper.

PAIGE: Asking for your signature at the bottom of the front page, but it doesn't ask for one on the back. That probably means that people wouldn't read this if they thought it didn't have to do with anything on the front. So, if it's something that they have to put their name to, then they're probably more likely to read it.

JUDY: They might think that's it and don't even see the back.

MA: Ok. We're going to do more of the same. Two more times.

[Pause; handing out privacy disclosure] So, do you think you understand what this says? And, I want everyone to answer this. Paige?

PAIGE: I do not fully understand what it's saying. What I think its saying, is that all of your information will be given to pretty much whoever asks for it, unless you say 'don't give my information to anyone'. Which I don't know why anyone would write that on paper, because I would rip this up if it was given to me, so...

MA: Ok, Rachel.

RACHEL: Well, it's irritating because it says unless permitted by law, but we don't know what that is. It could be anything. It's like they could tell anybody anything they wanted to, you know? [agreement]

ROBBIN: It kind of repeats itself, um, so, I kind of understand it but not really, and then it kind of repeats itself. And like she said, what is the law? Maybe that needs to be in fine print somewhere or something.

BETH: Um, I do understand what they're saying. Every place has this same type of disclosure, and they're all basically the same.

MARK: I understand what its trying to say, and it does repeat itself. But then, I don't agree with it, you know what I'm saying?

GLEN: I understood it also, and we as Americans give out too much information about ourselves. You know, everyone's sitting down to call your house right now, and you record what you want to say, that you're not home. And we do that. This is important right here. I'm like Paige here. If someone handed me this I'd just, you know... You're not going to get my information that freely. There are plenty of people out there who'll take it and use it illegally anyway.

DENE: I understand it, um, I too don't know what the law is.

JUDY: I do understand this, um, even the part where it says you have the right to opt out, I don't even think that we should be given that... What I mean by that is, I don't want my business given to anyone else. I shouldn't even have to call another number and say 'do not give my information to this other company'. But, we do know that companies sell

your information to other companies. I don't know if that's the law or not, but they do sell it. And I figure, I go into a bank and I want to get a loan, I think that's my personal information, I don't think the bank has a right to share my personal information with anyone else.

MA: Ok. What were the most important points you got from what you read?

JUDY: Really, again, getting this type of privacy disclosures, I have the right to opt out. I don't like it, I really and truly don't like my information being given to anyone else. And I've read enough of them to know that the information just goes from one company to another. There's nothing there that I don't know.

SHANDERIA: That they're trying to be somewhat specific about what they will give out. Even though they probably give out much more information than that. And that opting out part, that you do have to make that phone call in order to do that.

GLEN: I agree with them. I think that you should have to make a phone call in order for them to use your information. Just, it's kind of like the no-call list. I think that's kind of ridiculous. I think you should have to call them and say 'put my number on it, I want to be called'. I don't like the idea of being bothered at home with all these calls. And uh, I have read these laws, and always companies can buy three or four different lists. They can pretty much obtain all the information they need to know about you, except your social security number and maybe your date of birth. But, I can wreck your financial career without those two pieces of information. If I know where you work, and how you pay our bills, what kind of car you drive, and where you live, I can wreck you bad. I don't even need your social security number. And I can probably get that just from going through your trash.

MARK: You have the right to opt out by making that phone call.

BETH: I agree with Mark, I think that's the most important thing.

DENE: Your information is out there anyway.

RACHEL: I agree that opting out is should be mentioned.

PAIGE: I think the most important thing on it to me, was when they listed my social security number and said that they could...give that...that's what caught my attention. And, that's why I would use the number to call. If that wasn't on there, and it just had your name, address, phone number, I probably wouldn't pay attention to it.

MA: Does this seem like important information for an insurance consumer to have?  
[agreement]

GLEN: You need to know this up front. This is all information that's covered under the privacy act. So the law says they have to tell you, if they're going to use the information.

MA: Do you think that there's anything you're expected to do, or should do, now that you've read this?

SHANDERIA: You need to call that phone number.

PAIGE: I will definitely read what it says on what I receive in the future...I mean, I have not read...you know...

JUDY: I have a concern with the opt out, even though you have that right, you can call that number, there still are loopholes there, I mean, your information is still getting out there. It's, to me, another step that we have to go through to protect our privacy. And again, I feel like if 'Judy Peirson is a student here', then nobody should know that about Judy Peirson. You know what I'm saying? Am I saying this right? I just...for me to have to call to opt out is just another...

GLEN: I agree with you. I think they need my permission to give out information.

RACHEL: Even when you call to opt out, they give your information.

JUDY: That's what I'm saying. So, what's the point in having the opt out? What's the point of having that?

MA: Anything else? Um...if this were attached to a policy that you bought, would you read it?

GLEN: The way it's written here? Probably not.

MARK: I gotta agree with him. I mean, you know, the way its written, it doesn't come across as anything important.

RACHEL: I've read a lot of these policies. They need to just make it plain and simple.[agreement]

JUDY: You've read one, you've read them all. They basically say the same thing.

MA: So, can you think of any ways it might be changed so you'd be more likely to read it?

PAIGE: Well, I would not put...I would put a different title on it. Because that's not what you get out of it, that's completely different from the title of the disclosure. It should be more like, 'Do you want your information to be private? If so...'.

JUDY: Something that's going to tell you right out at the beginning.

PAIGE: Yeah. I thought it was going to be just a list of things that they would keep private. That I would sign my name, and they wouldn't give all of it out.

MA: Can you think of any other ways that it might be changed so you'd be more likely to read it, if it were attached to a policy?

GLEN: There again, if it was required that I put my signature, that they could use this information. And, that's what we're all saying I think, is that they should have you need to opt in, rather than opt out. [laughing, agreement] 'If you sign this piece of paper we can do all this, if you don't, we can't'.

BETH: Even if you opt out, they're still going to give your information out.

GLEN: Well, not if you opt out, right?

JUDY: I think they will still circulate that information within their affiliates. [agreement] They will do that.

GLEN: It says non-affiliated third-parties, you're right.

RACHEL: I think if they're gonna put your name, then people might read it, because like we said, once you've read one, you've read them all. If you want people to read it, you might want to call people by their first name.

GLEN: Well see, that's a double-edged sword, because now there are so many companies that with this...

DENE: We don't even know...

GLEN: Unless you get on the internet and check. [laughter]

MA: Can you think of any other ways this might be changed so you'd be more likely to understand it?

RACHEL: Well, I don't think they really want us to understand what they're doing. [agreement]

MA: What do you think, might help though? To understand, really what they're saying?

JUDY: I mean, I understand what they're saying. And I agree with Paige, I mean, maybe if they changed the title of it, something other than 'privacy disclosure', I might be more apt to read it.

MA: Is the language clear?



JUDY: Well, they tell me what they're going to do...what they are going to do. They definitely tell us that. [agreement] And if you notice when you turn over here, where's the little part about the opt out? Um...

GLEN: Second from the bottom.

JUDY: Second from the bottom? Um...Ok. By that time you're on the back page. You're scanning through this. 'If you wish to opt out of this disclosure...', I think that should be bold, or something like that, because it's the same as everything else. If you're just scanning over it 'opt out...doo doo doo', you probably just missed 'opt out'. I think that should be possibly in a category by itself, I mean, even though it is, it's not...there.[agreement] It should shout at me, 'opt out...out...out.'

PAIGE: Why should we have to opt out of anything? I mean, that's what we're getting at.

GLEN: We're not going to change that. To change that, we gotta do some lawmaking changes.

MA: The last question: can you think of any other ways it might be changed so it would be more useful to you?

JUDY: This is just something that we're going to have to deal with for the rest of our lives, right? This privacy thing...I just think it shouldn't be a law. Is it a law? I mean, this is a law, right?

GLEN: There are certain things they are permitted to give, by law. They can tell your name, where you live, whether you pay your bills or not, etcetera. There are some things that...that's what I'm saying. In order to change this, we'd have to change the law.

MA: Would anybody like to add anything else about this disclosure?

GLEN: I think it would be of vital interest to consumers to have a handbook, I'm sure there probably is one, that has all this stuff in it. 'Here are some things you need to look at'.

BETH: If that was required, that they show you that booklet, I would be sure to read this information, knowing that.

PAIGE: They should add 'read the privacy disclosure' to this.

MA: Ok. And we're going to do it again...[pause; handing out life and health insurance summary] Ok. This is the last one we'll do tonight, and it's about life and health insurance. And, so, the first question is: did you understand what this said?

BETH: It's too much information.

PAIGE: I think it was too broad. It says just a whole bunch of stuff, but then it says, this summary does not cover all the conditions of the law. Ok? How does it, in any way, change anyone's right or obligation? I mean, it just listed a whole bunch of stuff, but didn't list everything.

RACHEL: Well, there's an awful lot of exceptions back here. And, I'm not sure if everyone would know whether the policy they were considering fell under these or not.

BETH: I thought the only thing that was very clear was the limits on the amount of coverage.

MARK: I agree with her. I see where they're telling me the amount I'll be covered for, but I don't see what I'll be covered for.

GLEN: This is something I've learned. And if you don't know, you won't know to look for it. Because, an awful lot of policies require you to live in a domicile. If you live in a second home or something like that, you won't be covered. It's something you really got to go to school for...get on the internet...find out about your company. Now, a lot of my coverage is through the company that is the number one company for pay out. It pays very quickly and very fast, and I've belonged to them for a long time. And, those are things you need to look for. This is very confusing, because it starts out with what they're not going to do, and then it says what they're going to do, and then what they're not going to cover, and then ok, here are the limits. We're not going to go past this. It is confusing because it's back and forth.

SHANDERIA: It was not easy to read at all. It's very cumbersome, it's so much information, I started finding myself looking back to what the heading was, 'Ok, what's it talking about?'. Especially with the exclusions here, trying to look for what it is that fit my particular circumstances, I got lost in it. It's just...

GLEN: It's a lot like the banking industry now. Everybody knows that your account is federally insured, right? Robbery and everything...did you realize there was a limit attached to each one? [agreement]

SHANDERIA: But I don't have that much money, so...[laughter]

GLEN: How many people know that, how many people know what that amount is? In some cases it's 250,000 dollars.

JUDY: Um, I didn't like it. I didn't like anything about this. Telling me what's not covered...I don't need to know the exclusions...just tell me what I need to know. All of this, when I look at all of this, this confuses the heck out of me. So, what am I getting here? What am I getting? So, I don't...I don't...And if you look at the front of the page, the title, that is so much to look at, I mean, I'm like gosh! I'm like, 'Ok, this is not...this is...'

BETH: I agree. There's so much information. You don't know, first of all, how it's going to benefit you. That's the first thing you're looking for. I don't even know how this has to do with me.

JUDY: And it goes back to what she said. A lot of the verbiage. It's just, it's just a lot of words. And somebody understands this somewhere, but I don't.

MA: So, is it just too much, or is it that the words that are used are...

JUDY: I just think it's too many words. The bullet points are there, but it's just too much.

GLEN: I think it's too much back and forth.

RACHEL: It's trying to cover the whole world, and I care about 'is this policy I'm considering for me, and what are the limits?' And it does say, 'if you're not a resident of the state then you might not'...you know...but that's really all you care to know. And not...

GLEN: You know how people move, pick up and move, or quit. So, this is something that's important.

RACHEL: And they transfer people. For instance, on the back, um, when you come down to this whole long line of bullet points, the third one...well, my husband works for a large corporation, and an insurance company processed the claims, but they were self-insured. They were not covered, that means. But you got to read it closely to understand that.

GLEN: I would be real concerned about a company that wants to bring this in. You know, here's you a safety net in case...you know, you really need to do your homework. But this, this right here is very, very confusing.

MA: Are there any points that you got from it that you would consider important?

GLEN: Well, definitely the limitations are important, and the exclusions.

PAIGE: I don't think any of it is not important. But the way it's divided up, put like exceptions on one page, and then the next one, you know, limitations. I think that's what was most confusing, is that it jumps, hugely, from limitations to exemptions to...I just didn't get all this information.

MA: Anybody else? Ok. Does this seem like important information for an insurance company to give to their clients? [agreement]

MA: Do you think that there's anything you're expected to do, or should do, now that you've read this?

RACHEL: I think you need to ask questions. Is this covered or not? And get somebody to put it in writing, sign their name.

BETH: Talk again to your insurance provider, just 'tell me again what you'll cover'.

GLEN: What does this mean? Tell me what this means.

MA: Ok. If this were attached to a policy you bought, would you read it?

JUDY: Well, I'm going to start reading everything now.

GLEN: Me personally, yes. But I've learned to read everything.

MA: Anybody else?

BETH: I would read about my life insurance, and my health insurance.

ROBBIN: I think I would start out reading it, but it got really, really hard. I was like reading the same sentences over and over because it was so hard to read. So, I would probably just skip down to the bullet points, because when I see something like that, my eyes just sort of gravitate to it. And I would probably read that in it's entirety, but the rest of it, I would not.

MARK: I would skip through it. I would read the summary, and probably the limitations.

SHANDERIA: Just scan through it.

PAIGE: Well, they lost me with the heading, so...[laughter]

RACHEL: I would probably try to read it, but I think its confusing.

JUDY: And it's the print. I mean, its just so much. It's a lot of words. And like I said, somebody somewhere understands all of this, but it's just too much.

MA: How could this be changed so you'd be more likely to read it?

PAIGE: I really just think it needs to be broken up. You know, I want to know the limitations of the health insurance. So, a page that's called 'limitations of health insurance', not 'oh...that might be something important...'

MA: Ok. Anyone else?

ROBBIN: They need to stick with what they're saying, to the heading. Instead of saying 'this is this and this is this and this is that...and oh, guess what?'. I mean, let me know what's going on now, not three or four pages later.

MA: Anybody have anything to add to that?

RACHEL: This just needs to be broken down into a few pages, I mean, its just too much information.

MA: Any other suggestions for ways it might be changed so you'd be more likely to understand it?

GLEN: Make it more specific to the policy you're going to be buying. More specific to, say, a life insurance policy or a health insurance policy. How does it affect what you're thinking about buying? Like she said, you know, it really covers a multitude. If I'm thinking about buying an annuity, I'm not worried about the health insurance. Now the life insurance, how does it affect the annuities? You know, something that makes it more specific. For example, they mention an annuities—health insurance annuities or health insurance. And then on the back, when it goes through the limits, '\$100,000 cash annuity value, \$100,000 health insurance...\$100,000 [???' ...well, that tells me then that 300,000 dollars is my limit, if I'm buying an annuity. So 300,000 dollars is all I'm going to get. And you're...it's a half million dollar annuity.

BETH: That means you'll get something.

GLEN: Yeah, you'll get something, but what I'm saying is, its very broad. Because, most people read that \$300,000, on to this \$200,000, you're going to lose 4\$00,000 because you're only going to get 100,000.

RACHEL: I think they need to have a definitions section at the end of this pamphlet that they...

GLEN: A glossary?

RACHEL: Yes. Because, I have no idea what experience [???' credit is.

BETH: I know what that is.

MA: Um, anything that would make it more useful to you?[pause]  
Are there any comments that you'd like to make?

Ok. There's one more section. It's about communication between your insurance company or agent, and understanding your policy. How long do you think an insurance disclosure document should be? For example, of the ones we looked at tonight, do think they were too long, or about right, for the information you need as a consumer? Think about all three.

ROBBIN: The information that they use, that they give us, it needs to be more separated, on different pages, not...they're trying to fit the whole world on paper, on two sides.

There's just too much crammed information, and the brain process, it's just like 'whatever, it looks good.' It's crammed in there.

PAIGE: I think this one, the privacy disclosure, was a little bit long. I would agree that it got confusing half way through. And, the life annuity replacement disclosure, I just, I don't know, I think the heading should be different. As far as the questions to ask yourself, that was the most important thing on all of the three that I read.

RACHEL: Ones you get in the mail are such tiny print, that disturbs you with the reading. I think that's...this is so much easier to read than that.

SHANDERIA: I think that the disclosure, since it repeats itself, it could be more in, like, a categoric theme. So you could scan through it, and get what you need to know. Like, this one here, this is too much.

MA: Beth?

BETH: I think that the information that they're trying to get you to read, they need to be a lot more specific in some cases. And it's going to be a lot more reading but it does need to be categorized definitely. And have a glossary.

MA: Mark?

MARK: I think this summary could be taken down into three pages...three different sections.

GLEN: Well, uh, I think the information that they're passing on to you here is...you need to have it. But also I will tell you that having a good insurance agent is worth its weight in gold. Someone you can trust who knows what they're doing. Secondly, always look at your contract, because a lot of them say, 'no matter what the agent told you, we don't hold to any of their promises.' So if its not written down, its not a promise. So, that's where having a good insurance agent, who will sit down and explain these things to you...you can say, 'Oh yeah, I see that now'. It's important...I'm like her. I wouldn't buy anything in the mail, now we're an internet society where you're buying stuff over the internet, and over the phone, but something this important, I wouldn't do that. But, the information they've got here is important. Now I do agree with the fact that this one here, the last one we looked at, needs to be set into a format which tells me what I could receive, if my company fails, and give me the exclusions. Not back and forth, back and forth. The privacy disclosure, make it real simple. We're going to give out all your information, or if you tell us not to, we're not. Which do you want to do? So, that's definitely too long. You only need two paragraphs. And, the replacement disclosure, I think this, it was pretty adequate, but I agree with what they were saying, that uh, the questions should probably have been first. So that you're putting those questions in your mind as you're looking through it. You know, can I afford this? Is the one I have going to be worth more keeping it, or buying a new one? You know, those are questions that you

need to ask as you're reading through this. But I believe those questions should be at the front.

ROBBIN: The summary of the life and health insurance, I do think there's too much add-on things, it's the format. I think all the information is pertinent, I think it should...I don't know how, but it needs to be more...easier to read. The life annuity, I don't think this was too much information, actually, on either one of these other ones. The privacy disclosure, I mean, I've worked in a business that, you know, we have to disclose a lot of stuff. So, I don't think, even with it being redundant, they're trying to make it real clear. 'We are going to give out this information', here in the last paragraph, 'we're going to tell you again.' So, I really don't think it's too much information, on either one of these other two at all. And, I want to say, too, that larger papers are better. The ones we get in the mail are just so small. And you know, part of the thing is they don't want you to read it, because they do want you to just allow the information to be passed on to someone else.

JUDY: Well, except for this last page here, I think that I would have read this if you had done bullet points. Um, like one bullet point, bullet point, bullet point, instead of all these words. Like I was saying, I get lost in words. You write a sentence, you can just tell me in three words exactly what you're talking about. The privacy disclosure, they need to say that again, 'you can opt out'. The annuity replacement disclosure, I agree with PAIGE, the questions should have been first. That would have been more eye...that would have grabbed me more so than just starting off into what it is here. I'm a person of few words, and I just think this is too much. I think there's just another way to do it.

MA: When you purchase a life insurance product, do you usually read the policy disclosures that come with it?

JUDY: I do.

GLEN: I do, mmhm.

JUDY: Only because I trusted my insurance agent. He asked me to read it, and after I read it to call him if I have any questions. So I did, I went home and read it and called him.

MA: Anybody else?

RACHEL: You need to be sure that you understand whatever your agent told you. Most of them are honest. Yes, you should read it and ask questions.

GLEN: Most states give you a buffer time, that you can check your policy out and see if its what you wanted. You can still reject it. I think its eight days in most states, some its ten or twelve. That's one reason I sit down and read it, to make sure its exactly what I was looking for. If I have a question I call my agent.

MA: We are running late. I'm gathering from what you've said that...do you think that it would be more useful if your insurance agent called you personally to find out if you had any questions and discuss your policy disclosure? [agreement] Has an agent ever done that with you? [agreement] Would it be useful for your company or agent to call you and find out if the person who sold you the policy explained it adequately?

GLEN: That's been done before too. [agreement]

MA: Ok, that's it. Thank you so much for coming.



**NAIC Focus Group Transcript**  
**12/16/04**  
**Thomasville, Georgia**

Participants: DIANA – Hispanic Female, Ed – Asian Male, KEITH – Black Male, JOHN - White Male, LEE – Black Male, SALLY – White Female, VERNON – White Male

MA: Hello, everyone. My name is Mary Ann Mauney. I am the assistant director of the Survey Research Center at the University of GA. Thank you for agreeing to come here today to talk with me. Our discussion today is going to be very informal and will deal with the language used in insurance policies and how effective the language in allowing policy holders to understand their policy. I've talked with another group like you in another part of Georgia and will also talk to a group in Phoenix, Arizona.

I am interested in what you really think about the things I will bring up -- there are no right or wrong answers. I am not here to see if you know certain answers to my questions; all my questions are to find out your opinions and suggestions. I hope you will feel comfortable telling me your true opinion about the things we talk about.

I will not use your names in my report -- sometimes, that helps people feel more comfortable about telling me what's really on their minds.

Our discussion today will be both video and audio-recorded so that I can concentrate on talking with you. We'll use the video and audio just so we can make sure we remember everything that you say. After we summarize all the things you say in our group discussion, we'll destroy all of the tapes so no one will know who said what.

Because of the recording, it will be very important for everyone to speak at least as loudly as I am speaking. If you aren't talking loud enough I'll just ask you to speak a little louder.

The first thing I would like to do is to pass out these consent forms and have you carefully read what you will be required to do today. Once you have read the consent form, please sign one copy of the form for yourself and then sign the second copy of the form and pass it back to me. If you have any questions, please don't hesitate to ask.  
Mary Ann: First we'd like to just go around the table, introduce yourself, maybe say what you do, um, and tell me what kind of insurance you have.

JOHN: I'm John and I just moved to town about ten days ago, I work at ? , I have all kinds of insurance. Yeah so, fire, dental, life, house, car, health, blah blah blah.

MA: Diana...

DIANA My name is Diana, I work for an engineering firm here in Thomasville, and we have health insurance, dental insurance. I have car insurance. My daughter's covered under Peach Care, and that's it.

SALLY: I'm Sally, I work with Dianna at the engineering firm. I have health insurance, and dental insurance, and car insurance, and now house insurance.

ED: Um, my name's Ed. I work with them, uh, I have the same kind of insurance he has.

KEITH: Keith, I'm ?, I do taxes, 22 years. I have house, health, dental, car insurance.

VERNON: I'm Vernon, I'm a retired broadcaster. And, currently doing part-time work with CSX, the rail company. Um, insurance, the homeowner's, the vehicles, the health, liability...I believe that's it.

LEE: I'm Lee. I work for ?, a company called ?, here in Thomasville GA. We have dental, health, medical, um, I have whole life insurance, ?, making me worth more dead than alive. Um, that's about it.

MA: Um, does anyone have any questions before we start? First, I'm going to hand out a copy of a replacement disclosure. And, I want you to read these, and then I'll ask you some questions.

[pause; handing out replacement disclosure]

MA: Um, ok, let's talk about this policy disclosure. I'm going to ask each of you to answer the same question. And I'll start with you LEE, do you think you understand what this says?

LEE: Um, I'm pretty sure.

MA: Ok, Vernon?

VA: Yes, there was some things that I wasn't aware of, but I think I understand it.

MA: Keith?

KEITH: Yes, of course.

MA: Ok. Ed?

ED: I got the general idea.

MA: Sally?

SALLY: No. I really don't. You know, I mean, I'm reading it, and it sort of made sense, but I guess the general idea I, maybe I'm just not very, I don't know very much about insurance, but I really don't, I really don't get it.

MA: Well, that's the whole point the focus group, so...

SALLY: Yeah. I don't get it at all.

MA: Ok. Thank you.

DIANA: I would probably have to read it another time to really get it in my head. There's a lot of...

SALLY: Yeah, see I read it three times.

DIANA: Yeah, I mean, for the most part I kind of understood it, but I would just have to read it over.

MA: Ok, John?

JOHN: I'm with ? , I got the general idea.

MA: Ok, what were the most important points you got out of what you read? JOHN?

JOHN: To me, I think the most important thing is the back side of this, it talks about things to be aware of when making a change in policies. I thought that was very helpful.

DIANA: I'd have to agree with that. That was the first thing I thought of when I read the back, that that was real helpful.

MA: Sally?

SALLY: This is the thing, alright, I liked the way it sorta described the stuff on the first page, but reading the questions afterwards it...it ...it made it a little more understandable but not...not enough for me.

MA: Ok, Ed?

ED: I like how it explains the penalties...

MA: The penalties.

ED: Yeah the penalties, I could focus in on that. And...and the comment it's like, it explains to you what the replacement values are, when they, on the back it breaks it down and explains to you, ideally, what you need to be looking for. When you decide to change anything, because say like you want to acquire another insurance, the expenses that may incur.

VERNON: Uh, all of the above. And, also the tax part was interesting. Uh, and also the grandfathered in clauses, you might not recognize that. So that would be an eye opener.

Um, it gives you the tax free exchange, you'd have to know, you know? If you don't, it's going to cost you more.

ED: And you can write it off on your taxes.

VERNON: If it's a loss, right?

MA: Ok, Lee?

LEE: I agree, but uh, the only thing I disagree with...uh...is, some of the information given on the back is, uh, might be misconstrued. Uh, I really don't think that some people, who aren't familiar with policies, would actually understand. Even though it being before them, everything that they needed to understand. For example, the actual grandfather...you know that they...they need to hear it, there was a lot of people who, so, I think there's still a little bit more information that needs to be gathered and put together to make this work.

MA: Um, does this seem like important information for insurance consumers.

?: Absolutely.

KEITH: Sure. A lot that people aren't even aware of it. I think of, when I was young, people would say 'You've just got to have insurance. Just go get insurance from anybody and...'not really understand the clauses. The example I can give is, a friend of mine in the military, there's a military clause in there, 21 dash 5 or something like that, when you get out of the military, uh, they can call you up to twenty years later even if you're an officer, and a lot of people are not aware of the fine print. And in some insurance the fine print, which you need to read, and you know, my point being that...ah...it does explain in detail what people with basic reading skills can understand if they have that, but if not, they may be lost.

MA: John, did you have something to add?

JOHN: Mmm, I'm just thinking about this front piece, in terms of ease of understanding I think it was complicated, the way it was written.

?: I'd have to agree with that.

JOHN: I just had a hard time putting all those words in context. You know, it's sort of insurance jargon, it's just not part of my daily communication.

DIANA: The sentences were too long, is what I found, because the thought kept on and kept on and kept on, I mean, I write a lot in my job, and you find that the simplest thing you do is make shorter sentences mixed in with long sentences, because it makes it easier for the ready to break, and understand what's going on.

?: It comes and comes and comes...

DIANA: Exactly, this is like run on, run on, run on, ok, where's it stop? It takes you awhile to read each sentence and you're like 'Ok, where did I start off at?' That's what I found on the front.

LEE: I think with the opening invitation to this statement, that a lot of the insurance policy holders need to note, is that companies are bought...out. They are bought out. A lot of people go into a policy with the idea that 'This is the company that I'm buying insurance from...forever.' You know, and, a lot of the uh, consumers need to know that, hopefully not right now or in the next 20 years, but there's a possibility that, uh, your policy can be bought out.

KEITH: That's why they say you need to know your agent. You know...uh...now days I would say, in the cases I've experienced, if you sit down with your agent...like she said the way the sentences run on and on...your agent will break it down for you, if you know your agent, now. A lot of people, like there's a commercial on television now, I'm not gonna jargon like or anything like that, but, if you have a person that, an agent you trust and they know what you're trying to do, they'll be willing to help you. But then in some cases where they'll say, well you know, 'I'm gonna get his money,' you know, you read your signs, like 'I'm not gonna explain that to you, as long as the premium comes in every month we're straight.' But, if you got an agent there that'll sit down and talk to you, or if you have questions like I know she's gonna ask, like she's gonna say 'What?' , do you understand what I'm saying? And like with me, you know, my attention span might be a little longer. You see, sometimes I'll ask some dumb questions even though I know the answer, just to see if we're gonna be on the same wavelength. But, to a person who doesn't know how to read, or has a problem understanding how to read, it could be...?

VERNON: Can I read the first two paragraphs?

MA: To demonstrate the point? Sure.

VERNON: If you're contemplating the purchase of a life insurance policy or annuity contract, in some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financial purchases are also considered replacements. A replacement occurs when a new policy or contract is purchased, and in connection with the sale, you discontinue making premium payments on the existing policy or contract....

MA: Thank you. I think that makes everybody's point.

DIANA: When you read it, it was a little bit better. But that's because he did the natural pauses, and stuff like that.

?: I agree with that.

?: It's not better. [laughter]

LEE: The point is, a replacement occurs when a new policy or contract. It's simplified—don't you know what else comes after that—sure. Then it goes on to tell us what a replacement is, then it goes on, this should have been a period, you could put a period right there. Then capitalize the 'i', you know, make it easier to read.

MA: That's great, thank you.

KEITH: I really do think that it needs to be simplified, as far as going through all the 'insurer, the insured, the policy holder, the contract'—make it simpler.

LEE: OK. You know in your English class, when they give you the thing to write down, and tell you to put a period, and then take out the 'n' and put an 'i', if you do that you can understand it better. But see, the way he read it was like that, you could understand it better. And if you have a problem with a word, you can go back and get a dictionary.

SALLY: Exactly. I got the first one, the second and third—I'm lost. You see, the way I read it in my mind, it just went on and on and on. You see, I didn't get the difference.

MA: Let's move on. Do you think that there's anything that you're expected to do, or should do, now that you've read this?

DIANA: Find out more information.

?: More input.

KEITH: Become an insurance salesman. [laughter]

VERNON: I lived in Tallahassee, and I bought my house, and learned it was in a flood plain. So, I wanted some flood insurance. Well, the company I was dealing with did not want to write flood insurance. So we had to go through all that. The federal government, I believe, allows or insists that they do provide flood insurance, so by asking questions I did get flood insurance. I didn't need it, I mean, I never had to use it.

KEITH: It's good to know, when you're talking about properties, to find out where your property is, and if they have that kind of problem. Now, you know, if you get hurricane insurance in Florida, you know, it's kind of difficult.

VERNON: In middle Georgia, they have something called 'Will the Land?', but this has to do more with real estate. But I'd say even with insurance you would want to know something about this. Have you ever heard that expression, 'Will the Land?'.

MA: No.

VERNON: It has to do with how quickly, if it rains, the water will go into the soil.

MA: OK, next question. If this were attached to a policy that you bought, would you read it?

?: Yes.

VERNON: I would read some of it.

JOHN: I wouldn't read it all.

MA: Vernon, some of it. John, no.

DIANA: Maybe some of it. I felt...but probably not.

SALLY: Because I would talk to an agent and have him explain it.

KEITH: If I'm your agent, you think I'm gonna explain this to you? I want to sell you this insurance here. "Read it real quick and sign it. Just take my word for it." He would.

MA: And, if you did that, then what about after you bought it and took it home, would you read it?

KEITH: That's my point. I would read it, after you'd get it, and then when a tragedy comes along, and you need it—

SALLY: That's when I'd read it.

KEITH: Exactly [laughter]. You've already got it, and that's the fine print. You know, because like my friend told me, he said he would have never become an officer. You see, he went to college to be an officer, in the military. And once he put in the time, you know, he thought he was through. But he forgot the little fine print, and he had to go back into the military. Now he's on his way to Iraq.

MA: OK, Ed, what do you think about it? Would you read it after you bought it?

ED: I would probably read it before, and if I was uncomfortable with it I'd have a third party or someone I trust take a look at it, either the insurance agent outside the insurance company.

DIANA: I would have read it before I bought it.

KEITH: Before you signed it.

DIANA: Yes.

JOHN: I just think when I read this ‘so that’s what the fine print says’. I usually don’t get it, so—

KEITH: Well, the thing about being in the military, the military insurance is, you see, it automatically is given to you. You go to this class where there’s a lot of people in there, and they go through this little pre-explanation of the policy and everything. But they—go over just the key things that you don’t need to know in the free world whenever you get out. For example, if you actually get a felony against you, then that cancels the policy. Yeah. Um, if you actually die, uh, ‘unaccidentally’, it don’t cover it. There are others, I just can’t rap them off right now, but there are important ones that I do know of—not to die ‘unaccidentally’ and not to get a felony. I know not to get them two. But, there are a lot of clauses, that a lot of people need to be aware about. A lot.

MA: Um, can you think of ways that this might be change so you’d be more likely to read this.

KEITH: Oh yes. The small print. The small print, because I found out that people do take time, more people do take time to read the fine print than they used to, because of the way the world is now. I would say to simplify all of the, uh, I know how things are ‘inturned’, ‘turned’ as far as wording, things can make it sound a certain way, with, for example this. And, the people who wrote it understand it. It’s not necessary, just think that the company actually is apt to be bought out. Your policy could, *can* be bought. Therefore the policy that you now own would actually be cancelled. To...further...if you wanted to come along with the company that bought this policy out. They will offer you a policy and explain it in that category. Not so much as ‘the existing policy in contrast blah bhlah bhlah...’, that’s just gonna confuse them.

MA: OK.

JOHN: I’d be more likely to read it if it was like a chart, because you’re dealing with the existing, or previous policy, and the new policy. And, it’s, they’re referring indiscriminately to one another, and I lose track, in reading this, what they’re referring to. So, if there’s a chart, old—new, and kinda laid out that way, I think even some sort of diagrams in some cases. I was just trying to diagram it in my head and I didn’t get very far. Some sort of diagram, perhaps even, more than a chart, where you could refer to the old and the new. It would help make sense.

DIANA: I have to agree with that. I’m the same way. I mean, it feels like you’re reading a book almost, you know, break it up a little bit.

SALLY: Even if it’s with the shorter sentences, or a table or chart or, something just to re-emphasize what they’re talking about.

LEE: Basically if they could simplify it.

SALLY: Yeah. I’m a simple person, I mean, yeah...



LEE: The big words...

SALLY: Trying to be politically correct...you know...just tell me how it is.

VERNON: I think if I was trying to explain it, I would put some examples.

DIANA: That's a good idea.

VERNON: Uh, 'female age so-and-so, if this occurs, here's what will happen.' I think you could have a few examples, you couldn't have everyone. So that if you had some, you could pick out the one 'I'm closest to this one.'

All: [general agreement]

SALLY: Or even a good example and a bad example. Some way that it lets you know that 'this would happen to me.'

MA: Good.

KEITH: Or a case study like that, you know, where somebody has this happen, give them 1, 2, 3, 4...a pros and cons type thing. So when you're sitting down getting insurance, you get a better feel. Like this paper right here [gets paper], paragraph one, show you a picture of what a replacement is and how it occurs.

Ed: Um, I understand why they're written like this. They're a legal contract, you know, you're signing a legal, binding contract. So, you have to speak it as clearly as you possibly can. Blot out the gray areas.

JOHN: I think sometimes their intent is *not* to be so clear. Because there's a legal obligation of disclosure of certain issues or problems you're gonna have that you're...they're obligated to communicate to you, and they may wanna communicate this way. See, you really don't understand it. They're counting on people like me who are just sitting here going 'hm, yeah, that sounds good.' And others that are just gonna skim it and not get it, feel pressure 'well, I'll just sign it because, and uh, act like I understand it.' Whatever the thing may be, they're counting on that to...and then they could say 'well, I showed you. I told you about it.'

VERNON: 'It's in the book.'

DIANA: 'You could have read it.'

KEITH: Now, think about it now. The insurance companies, they have an obligation, because congress makes the laws. And they put the big words, for the insurance companies. So what they [the insurance companies] have to do is cycle it down, really what they have to do is cycle it down to the agent. And they try to make it simpler for the

agent, and they're conveying it to you. So, like you said, if you don't know your agent, where you know, if you sit down and ask your agent, if you got an agent that don't understand what they're doing, then it's going to be an injustice. But, as for wording and the long paragraph, you know, and if you think about it, and listen to a conversation in congress, like how thick these books are, and they have to take that big book and make one page out of it, you know, you got a thousand pages and you're gonna try to write it all on one page...you know, it's good to have somebody break it down for you.

MA: Can you think of any other ways, some you've mentioned already, but any other ways that it might be changed, so you'd be more likely to understand it?

SALLY: Lists are good too. You know, we talked about tables and diagrams. Lists, even though they're still words and sentences, like, this [picks up paper] is a lot easier to read because it's like 'Premiums-dah dah dah. Policy value-dah dah dah.' You know what they're talking about, you know.

DIANA: Good point.

KEITH: Another thing. A lot of insurance salesmen now have laptops. I would say, to actually have an interaction on it, the laptop, as a sales pitch. So they can actually look at it, themselves, sitting right beside the sales person, so it wouldn't be so much the agent and the client, it would be more like dinner and the movies, you know. [laughter] They could be more at ease. They could actually...because if he's there, she has a need. But she also has to be convinced. But you can't push something on nobody.

DIANA: Our, uh, we have AFLAC at work, and our AFLAC guy does that. He brings his laptop, he goes through the paper with you, he says 'this is what's going on, this is what's going on' and explains it to you, paragraph by paragraph. And it really does make it a little bit easier to understand. You don't feel like you're getting scammed, you don't feel pressured into signing something, you feel like you understand what's going on. I like that idea.

KEITH: And also, right after, a lot of good things to know because the actual agent is going through it with the client...the actual key things that he knows, that he just might be wondering about, he could say 'I'm...', he would already know. Because for example, the first two paragraphs, ha-oohhhh [laughter], those right there would be something that very easily you could go right back through. Just right off the top of his head and say 'just in case you were wondering about what this meant or what that meant, let me explain it to you'. And then it, that would be like a shoe-in. Gotcha. [laughter] You know, a good agent knows how to approach a person. Like if I go up to an elderly woman, let's say she's sixty years old, seventy years old, I know if she read this right here, if she didn't have a high school education, I would know I would have to slow it down. And explain it to her. Versus like a person who's 22, 23 years old, and they're in college, they'll go 'OK.' They'll know what you're talking about from the start. So it goes back, if you got a good agent, the agent knows how to approach it.

MA: This is almost a redundant question after everything you all have said, but it's the last question. Can you think of any ways this might be changed so it would be more useful to you?

KEITH: Yes. If you have a, um, yes. If you have a computer at home, and can go to the web site, for your insurance, you can take it home and research for yourself, and get a better understanding yourself, then when the insurance agent comes by you can pretty much know what you're doing and you'll have a better understanding. But in some cases, if you don't, it's good to have a third party person, or a person who will help you understand it better... You know, most web sites have diagrams, you know, to make it interesting, you know, if a house catches on fire, a storm comes through, you know, they'll demonstrate and show you about the policy.

MA: Would anybody like to add anything else on this disclosure? This next one is a privacy disclosure. [pause; handing out privacy disclosure]

Ok. This is a privacy disclosure, so, do you think you understand what it said?

KEITH: Yes I understood it, because its very repetitious.

SALLY: I understood this one. They could have done it in a little easier way, but...I think what bothered me is the fact that, now I don't know if they did it for the purposes of this study, but it said 'such as 'bracket'...' and I don't know if its because ya'll didn't want to put any names or...I don't know, whatever. That's what irritated me more than anything else.

KEITH: 'Cause remember now, what we were talking about the first time, you were saying 'now give me an example', and this is what this is doing. And that's what...

SALLY: But if 'such as' is an example, they could have just put in 'such as your name, your address...'

KEITH: But some people don't know what 'such as' is.

MA: Vernon, what did you think?

VERNON: Um, here it says 'we do not disclose any personal information about our customers or former customers to anyone, except as permitted by law'. I know about that, the others I don't go with.

KEITH: All the other stuff is just jargon.

JOHN: I think its set up so that so that you personalize your disclosure form, you know, fill in the blanks. The thing I like about it is it's laid out the way I think: topic, points. Topic, points. And it was a lot easier for me to grasp that.

KEITH: It's simplified reading.

SALLY: It's not quite as many filler words...this is how it is.

KEITH: It's to the point.

MA: What were the most important things that you read?

DIANA: The one he brought up. That does kind of discredit the whole form. I mean that only really matters if you opt out to do it...I mean, if you sign this form it means that they can give your name out and your information. Because, to do studies and stuff, you need information from the customers. There's no way to get around that. But, you ought to have the options to not do it, if you don't want to.

VERNON: Well, it said 'except as permitted by law'. If it's the law...

KEITH: So when it goes to congress, that big book, they write it all on one little page.

MA: Anyone else? Ed?

ED: What was the question?

MA: What were the most important points?

ED: Oh...what he said. I mean...that the law may change.

SALLY: I like the fact that they put a number in there, so you could call if you had questions or comments or...because on the other form there was no way to contact anybody, I mean, you just had the form. Even if there was an address on there, I mean that wouldn't do you a whole lot of good writing a letter, but you'd have an opportunity.

KEITH: Well, hold on one minute. You call, 'we'll answer in approximately 58 minutes'. They'll keep you on hold...

MA: Now, does this information that you've read about on the privacy disclosure, does it seem like important information?

KEITH: Yes, it is.

SALLY: Oh yes, very much.

JOHN: It makes me not want to give any information whatsoever...you know me.  
[laughter]

KEITH: You want to give her your social security number?

JOHN: I can't comment on that. [laughter]

MA: Do you think that there's anything you're expected to do, or should do, now that you've read this?

KEITH: If you agree to it, sign it.

VERNON: Like they said, today's law might not be next year's...or five years.

KEITH: You know, they might be signing some bill...they're supposed to sign bills.

MA: Anybody else?

DIANA: Something I like about the form is how they spelled out the confidentiality. It's like listen, you know, a lot of people are going to see your stuff, but we're not going to tell anybody. I don't know if I feel good about that, or, do I like the fact that they said 'hey listen, people are going to see it. So, you need to understand that, even if we don't give your name out to anybody, people are still going to see the sheet, and your information, so...

KEITH: But, you got hackers. Like this guy that robs a couple in Miami for like 90,000 dollars...husband and wife on the internet, kick their codes to some place over seas, and now they can't get their money...and the Bank of America says 'well, it's in the disclosure. We're not responsible for getting your money back, you've got to go to a lawyer to get it.

MA: If this were attached to a policy you bought, would you read it?

LEE: I would.

SALLY: I would read this one, because it was easier to read.

LEE: Actually, I think this should be divided apart...this should come separate from the policy, it shouldn't come attached. I think it should be made available before they even get they're policy.

MA: Can you think of any ways this could be changed so you'd be more likely to read it?

KEITH: Can't get any simpler than that. Unless you just throw down the plain old elementary English.

VERNON: Um, are you talking about giving the whole sheet? It's all there...you've got to accept the whole thing.

MA: The whole sheet?

VERNON: Yeah, I mean, would each one of these be at the bottom of these? Or would all of them be?

MA: Um, I think it would be the whole sheet, but I'm not sure.

KEITH: There could be a separate form attached to each one of these forms, you know what I'm saying?

VERNON: I would not sign it if you had to go through all of them.

LEE: Yeah, I see what you're saying...only things that are concerning you.

VERNON: If we do it that way I'm with it.

LEE: The only thing we have to do is block it in...

LEE: What I would recommend is that, the first thing that showed up on this whole entire sheet would be that 'we will disclose your personal information to anyone permitted by law', that should be the first thing, the first thing, on this paper. Then to follow it down by the other information.

MA: Can you think of any ways it might be changed so you'd be more likely to understand it?

DIANA: It does have a lot of repetition, which is, like we said before, is a little irritating. There are other words besides information, and that's what the thesaurus is for. So...just mix up the words a little more. It almost makes you feel like you're reading the same sentence over and over again.

KEITH: One suggestion. Just get you a little eight-by-ten index card, highlight all the black areas, take the disclosure right up to the top, write the headlines of each, and put it on top of this sheet, just in case you need an explanation of each category. Break it down into the headlines on a small 4-by-eight index card, and then you're on a question like some people might want to know exactly what you're talking about, then they can go down and understand it on a separate piece of paper.

MA: Ok. Can you think of any ways this might be changed so it would be more useful to you?

SALLY: Yes I can. Making it available online. Do something like that [pointing at KEITH] on the internet, instead of on paper, it would make it more graphic.

KEITH: You got an email, you could email, your agent could email you, explain it to you.

ED: While you're online, talking about laws and laws changing, you could put a link that would link you right there. You know what I mean? Answer your own questions instead of relying on anybody else. It would allow you to do what you can't do.

SALLY: That way if the law changes, you can see the changed law.

KEITH: Your call will be answered in approximately 58 minutes. [laughter] Wait 58 minutes, the next available agent will answer your call in approximately 45 minutes.

MA: Does anybody want to add anything else about this particular disclosure statement? [pause] Ok, let's go to the next one. [pause; handing out summary of life and health insurance] Ok. This is the last policy disclosure that we're going to talk about. A summary of life and health insurance. Do you think you understand what this says?

KEITH: Go to page 15, it sums it up; limits on the amounts of coverage. Read that. So... the best thing you can do, if you want 300,000 dollars coverage is, don't go to the same company for two policies.

MA: Ok.

KEITH: That made sense, didn't it? I know I read it, I understood it, I was talking past it. Basically, if you got two insurance policies, you and your wife got 300,000 dollars on each one through the company, they going to pay you 300,000 dollars no matter what. 300,000 dollars instead of 600,000 dollars. But, let's say, if you go AFLAC, and you go to Allstate, you get 300,000 dollars here, you get 300,000 dollars there.

DIANA: I like this form a lot better because the way they broke it up, it was easy to read, there were still a few sentences here and there, but they were fewer and far between, so you could sit there, take your time, read it again, and you didn't feel like you were re-reading the whole thing again and again to try and understand it.

SALLY: I like the disclaimer, makes it seem like it's really risky, but any insurance comes with risk.

VERNON: To me it's almost like FDIC. It will underwrite it up to 300,000. Without that association, you've got nothing. Who pays the premium to the association? Who pays the premium to the association?

KEITH: That's gotta be...the Federal government, it has to.

VERNON: Or the State. The state is part of the association. I would think there would be a fee to be in the association. All insurance companies are required, I think, to be in it.

LEE: I agree, I agree, I agree.

JOHN: I was a little concerned when I read the title. Too many words. But, I agree that it's laid out very well...you know exactly where you're at, what it's referring to...

LEE: I understand, all these people understand, but you have that quota, those people who don't. So, we need to, I would say to them, to keep the level that they have, but to also...it's ok to be simple.

KEITH: It's also that...like you said, some people can't understand, but...you must remember that if you can't, you need to have that third party in there to help, someone to talk to...a spouse. You know, sometimes two heads are better than one. Some words...the same word means different things to different people.

MA: What was the most important point, from what you read?

KEITH: Uh, limits on the amounts of coverage.

VERNON: To me, the most important thing was that there was some recourse. If the insurance company goes...bankrupt or whatever, there is at least some recourse.

JOHN: I agree. I think that's why this association exists. You know, I think...I'm covered twice. You know, I would look...as a consumer I would look for a company like this, that had backup plans. [agreement]

KEITH: Insurance on your insurance [agreement]. Ok, like, ok...the insurance on the insurance company, like let's look at [???], like I was talking to my uncle that lives in Florida. And, well, the amount that you have to pay...the deductible, you know, if you got 100,000 dollars to your house from the first storm, another one comes through and does the same amount of damage, but you got a deductible, 30,000 dollars, and you had three storms, that's 90,000 dollars that you got to pay, the deductible, before the insurance company even pays. And you only got 100,000 dollars worth of damage, because even though the hurricane hit that many times, you ain't got but a 100,000 dollar house. You just paying to have your house done anyway. I learned about the money that the government give, to the state of Florida, actually they're not giving it to the individuals, they're giving it to the insurance companies. The insurance on the insurance. Before the people are going to get it, the insurance companies are going to get it. Insurance on the insurance, like JOHN was saying.

MA: Can anybody else add anything?

KEITH: Well, that's what I'm thinking...I could be wrong...that's what I got out of it.

MA: Ok. Does this seem like important information...[KEITH: Yes] [All: agreement]

LEE: I'd like to add, like I was just stating, everyone is going to get some insurance of some sort. But, the ones that show strength, for example the companies that have a back



up plan, that shows something that other companies don't have. They may be very well known, but if they don't have a back up plan, their policy falls through.

VERNON: Is it true, or untrue, that to sell insurance in the state of Georgia, you would have to be a member of this association.

KEITH: Yes, yes, ok. If you are going to sell insurance in Georgia and Florida, you gotta be a member of the Georgia association and the Florida association both.

VERNON: So, we have an insurance commissioner. And for years, it was Johnny Caldwell. Remember him?

KEITH: But you know, it's just like an attorney, you want to be an attorney in Georgia and Florida, you gotta pass the Georgia bar and the Florida bar.

VERNON: I don't understand what, if this is required...from reading it I got the impression all insurance companies would have this in Georgia, you don't think so?

KEITH: Unless you've got a scam artist out there...

LEE: That goes back up to what we were saying earlier. If that was so, if that insurance policy was bought by another company, why do they have to go ahead and cancel that policy then, if they had a back up plan?

KEITH: What's that, on the bottom of the insurance policies, they got that 'AAA'...'AA' with a symbol underneath the bottom of that. American Association of Insurance or whatever. You see they all got that little circle underneath there, and that let's you know that they're all a part of the same organization, but they're different companies. That's to let you know they're all a part of the same group. And it means the Federal government, I'm assuming, is actually going to pay it out, like you said, the FDIC on banks. When somebody robs a bank, the bank is only guaranteeing up to several thousand dollars...

MA: Do you think there's anything you're expected to do, or should do, now that you've read this?

KEITH: Yes, go get you two separate insurance companies.

SALLY: Review your insurance coverage, and make sure that you're not double insured.

DIANA: I agree with Sally.

MA: John?

JOHN: I just, I just would want to make sure that I had...coverage on my coverage.

MA: Ok. Lee.

LEE: Find out more about what actually I do have, and what actually I'm going to get.

VERNON: Yeah, I personally have about everything in State Farm. It's simple...

SALLY: Don't say that. [laughter]

VERNON: It might be worthless...almost everything I have is in State Farm. One agent.

MA: If this were attached to a policy you bought, would you read it?

KEITH: Of course.

JOHN: No.

SALLY: I'd definitely scan this one...it's easier to look at, so...but I might not read it.

KEITH: But, one thing to keep in mind is, get you an agent to talk to...break it down, you know.

MA: Can you think of any ways this might be changed so you'd be more likely to read it?

KEITH: Which? The last one? You can't get any more simpler than that. I could give this to my five-year old child that I have, I think she could understand it.

SALLY: I don't like the title. The title is kind of...it's too long. It says summary, and it's not a summary.

KEITH: If they go 'L-H-I-P-A-A-N-C' you wouldn't know what it is. You know what I'm saying? Just go down and abbreviate it, 'L-H-I-P-A-N-C...'

SALLY: Well, even if they format it differently it's easier to understand. But it's broken up. I mean, if they said 'summary of the Life and Health Insurance Protection Agency Act, and, Notice of Coverage, Limitations, and Exclusions', it would be easier to read than just 'du-du-du-du-du'.

JOHN: The title of it makes me think, 'oh my god, this is a nightmare or something'.

KEITH: Something to make it simpler or something. So, basically if you put one line, one line, one line, period.

ED: I mean, you can explain everything you need to in the first line. Put that entire sentence up there in that one line. [KEITH: One line, instead of three lines.] Then you get the general gist right there. But most people just glance over things at the beginning. You form a general opinion after the first two sentences.

VERNON: I would like to add something that probably...if you had a thing on the bottom of each page, 'Reading time approximately:' [laughter].

KEITH: You know what? You know what? People are going to sit down and try to read it in that time frame, too. I'm going to beat this clock. Reading it and understanding it is two different things though. I remember I was in accounting class, me and my friend sat down to see if we could read it real fast, but when it came time to answer the questions at the end, the one who read it the slowest answered the most questions.

MA: Can you think of any ways this might be changed so you'd be more likely to understand it?

KEITH: The understanding is there if you take your time to read it. They put 'five minutes' at the bottom...if they put 'ten minutes' they'll get a better understanding.

MA: Can you think of any other ways this might be changed so it would be more useful to you?

KEITH: If they could put...if they could make it into dollar bills...make each page a dollar bill, like maybe a 'benjamin' or something, then I could afford it. [VERNON: I could use that].

MA: Does anybody else want to add anything? Ok. Thank you. You've done really well. Just a few more questions. This is about communication between your insurance company or agent, and understanding your policy. How long do you think insurance disclosure documents should be? Of the ones you looked at tonight, do you think they were too long, or about right...to convey the information that you need as a consumer?

JOHN: They were just long enough for understanding...

KEITH: Good answer. It's not the length that matters, it's the understanding.

VERNON: I think I would recommend, the heavy print...have kind of an outline. And if you want to know more, you go in-depth on it. If I just want to know the skinny, I could. If I want to know more, or have reference, I could.

LEE: One of the most common questions, to a lot of the statements that are written, is the ones that say 'for example', like the most asked...

MA: Anything else? [pause] When you purchase an insurance product, do you usually read the policy and disclosures that come with it? Do you think its important to read it?

KEITH: Yes. [All: agreement]

MA: Do you think it would be more useful to you if your insurance agent called you personally to talk about your policy and find out if you had any questions? [All: agreement]

KEITH: That's the only way I think it should be.

SALLY: You shouldn't just hand out blind insurance to people...not knowing what they're getting. You've got to make it personal.

KEITH: But imagine all of us in here got the same insurance person. I don't want him coming in here talking to all of ya'll about my insurance. You know, take me in a hole, somewhere.

LEE: Before you sign that policy, you should know the disclosure for that policy. They don't have to call you...

DIANA: I guess the thing though, is the personal contact between the agent and the person...it's very important before you take on insurance. I mean, if you ...most people in this world are not just going to get insurance from a computer. I mean, I'm going to want to talk to somebody even if its on an 800 line.

KEITH: And also, you gotta think now, if all of us are hired on the same day, you got company insurance. We're going to sit down at the same table at the same time. You know, and that person is not your agent, it's the company representative. And then when it comes down to actually going to the doctor, or finding out about your insurance, you know at some point you need to get personal not with the company's personnel, but with the insurance agent.

ED: In our company we have our own personal agent. So, the other day, as a follow up to the insurance thing, he came in. He went over with us the pros and cons of what we have, and what we want to get. And he explained it. That really seemed to help. I mean, you can read this all you want, but its best to follow up with an agent. Then it really...sinks in.

LEE: I think if the laws change, he needs to call you in like 'Hey...'

SALLY: See, now that's a good point. Yeah, yeah, that's a good point. They should call you and say, 'Hey, listen. This is going to affect you in this way'.

KEITH: But most agents, if they're personal with you, they're going to do it anyway. They're going to update you on the changes. Any time any changes come up or anything, I either get a letter, or an email. You know, and that's really personal. That's why I say it's always about your agent.

SALLY: It also depends on how busy your agent is.

KEITH: Yeah, see, and that's true too, now. But see, not only that though, if your agent is real busy, and he knows a change is going to affect everybody, send a group letter. The only thing he has to do is send a group letter to everybody, but make it seem like its personal.

LEE: I think it's so discourteous to the client, to send a letter in the mail, saying 'We are about to be taken over, and your policy has 'x' amount of days left, and if you wish to continue this policy, forget it. If you choose to take up your policy with this other company, call this number'.

KEITH: That can't be helped sometimes. [LEE: Yes it can]. If somebody comes along and wants to buy your chain, if they give you enough money, they're going to buy it. There's nothing you can do about it. What was it, Sears...Sears bought up by WalMart, who was it, Kmart, you...I can buy you. And I don't care nothing about the clients or nothing, you're mine. So the agent is like, I'm sorry, but I can't do nothing, look...they bought me.

MA: One last question. Is it useful for your company or agent to call you, and find out if the person who sold you the insurance policy explained it to you?

JOHN: Yes.

VERNON: Yes.

KEITH: Yes. If they have the time. Make the follow up. But, they've already got your signature. They've got your files.

VERNON: Well, my experience has always been, if the agent [mediates?] you on a [loan?] policy he's working you up.

KEITH: That's exactly right.

VERNON: And that's what I am. Over the years I've added and added...and that's good, I mean...but now, I've had a couple of [???] claims unfortunately, and was really impressed when my agent came to the scene. He was there, and I really appreciated that.

KEITH: That's all that matters. Being a good person and communication.

[end]

**NAIC Focus Group Transcript**  
**2/10/05**  
**Phoenix, Arizona**

Participants: BELINDA – Black Female, CATHERINE – White Female, JEFFREY – White Male, JOHN – White Male, LAURIE – White Female, LINDA – White Female, LIONNA – White Female, ZACK – Hispanic Male

MA: Hello, everyone. My name is Mary Ann Mauney. I am the assistant director of the Survey Research Center at the University of GA. Thank you for agreeing to come here today to talk with me. Our discussion today is going to be very informal and will deal with the language used in insurance policies and how effective the language in allowing policy holders to understand their policy. I've talked to other groups like you in Georgia.

I am interested in what you really think about the things I will bring up -- there are no right or wrong answers. I am not here to see if you know certain answers to my questions; all my questions are to find out your opinions and suggestions. I hope you will feel comfortable telling me your true opinion about the things we talk about.

I will not use your names in my report -- sometimes, that helps people feel more comfortable about telling me what's really on their minds.

Our discussion today will be both video and audio-recorded so that I can concentrate on talking with you. We'll use the video and audio just so we can make sure we remember everything that you say. After we summarize all the things you say in our group discussion, we'll destroy all of the tapes so no one will know who said what.

Because of the recording, it will be very important for everyone to speak at least as loudly as I am speaking. If you aren't talking loud enough I'll just ask you to speak a little louder.

The first thing I would like to do is to pass out these consent forms and have you carefully read what you will be required to do today. Once you have read the consent form, please sign one copy of the form for yourself and then sign the second copy of the form and pass it back to me. If you have any questions, please don't hesitate to ask.

Before we start, let's go around the room and introduce ourselves, say a little about yourself, and tell what kind of insurance you have.

LINDA: My name is Linda. I live in [???] Arizona. I'm a wife and mother of two children. Insurance, I think we have it all. We have health insurance, auto insurance, life insurance, annuity [??].

ZACH: My name is Zach. I live in [???], to the north. Um, married, two grown up boys. I have life insurance, health insurance, house insurance, I have two types of life insurance...that's it.

LAURIE: My name is Laurie. Wife and mother, two small children. We have most of it too. We have health insurance, homeowners, life insurance, auto insurance, disability insurance for my job, and life insurance on the side.

CATHERINE: Well, same as hers. My name is Catherine. I'm single. I don't have any children but my dogs. I have life insurance with my company, health insurance, homeowners, and auto. I've been in Phoenix for about a year; Arizona for six years total.

BELINDA: My name is Belinda. I'm a work at home mom of three. I'm very tired. I have life, auto, homeowners.

JOHN: I'm John. We've lived out here, my wife and I and two children, for about 30 years. And um, we have homeowners insurance, auto insurance, health insurance through work.

LIONNA: My name is Lionna. I'm from west Arizona. Lived there for six years, I was born and raised in Chicago, Illinois. Um, the same as everyone else. We have auto, homeowners, health insurance, and life.

JEFFREY: My name is Jeffrey, and I've been in the area since 1996. I've got a daughter who is 18. She's a blessing. I have life insurance, I'm self employed; I've got business insurance, it covers buildings, products, vehicles, all on one policy.

MA: So, first I'll give out a life and annuity replacement disclosure. Take your time to read it, then we'll go on to talk about this. [pause; *handing out life and annuity replacement disclosure*] Let's start with Jeffrey. Do you think you understand what this says?

JEFF: Most of it I do. But in the beginning, I don't understand a whole lot about what annuities are. What I read in the first paragraph, about financed purchases, I didn't know what that meant. I don't know where that's from, or how that's done, or where it originates, anything like that. Going through the paragraphs, most of them I did understand because they did explain it to where I knew where they were going, even if I didn't know all of the terminology, but I could follow it and understand that the questions were understandable. And at the bottom, the last paragraph, I saw that that was the disclaimer. Everybody has a disclaimer. On the second page, the first paragraph for me, the first gut feeling that I had was, everything says you're supposed to talk to your guy, your insurance guy. Well, where my feeling is, is they're there to sell a product. So they're going to tell you...or a lot of times in the past, I may be wrong to assume, but a lot of times things are left out, that draw you the little circles or little lines or whatever, makes it look good, to walk you into the next policy, or move something, or keep it

going, whatever is in their best interest. Um, so I had a really negative feeling when I read the first paragraph, because everything was dumped on; it's my responsibility no matter how I answer everything here, it's my responsibility...but then, you tell me I'm supposed to go talk to my insurance guy and ask him all the stuff. And, a lot of times, I don't have either the time or the knowledge of all that. That was my gut feeling. The other things I explained, is...I understood the questions, which I thought they were really good. That's my feedback.

MA: Ok. Great. Lionna?

LIONNA: Finance purchases is not clear. There's a statement further down in the third paragraph, that says a finance purchase is a replacement. But it's still not clear. Ok, I fully understand what a replacement is, but the finance purchase, um...not complicated, but confusing. Page two with the questions, was very succinct. Um, I would have to agree with JEFF...it's JEFFREY?

JEFF: Close enough. I've been called worse.

LIONNA:...I would have to agree with Jeff that when someone is telling you to go to your agent, that agent is there to sell insurance. But then again it depends who you're dealing with.

JOHN: I didn't know you borrowed money to take out a life insurance policy. That's...finance, that's what that means to me this, you're borrowing money. I don't know that I ever borrowed money like this. Usually I've taken my money and put it into life insurance or made payments on it, as far as monthly premium payments. But, other than that, it's pretty straight forward to me, it's just I'm confused by what the word finance means here.

BELINDA: I read through it, and my feeling was, if this were me, I actually would go to my insurance guy because I trust him fully. Finance purchases...well, I didn't know you had to...get a loan and...and then I got caught up thinking about my own health insurance product, if that's something we didn't have, and I was a little bit nervous. Um, but otherwise the second page, that was really helpful in terms of answering...asking, you know, 'oh...of course, I didn't think of that', so that was really good.

MA: Ok. Thank you.

CATHERINE: We're in the same situation, we both have really good working relationships with our financial and insurance providers. So, that's the first thing I'd be doing, is contacting MARK, and going over it with him. That's just because I've known him since I was 27, and you know, he's been working on this kind of thing for a long time, so I feel...you know, I shook my head on a couple of these paragraphs. I read them again, and like, I just didn't quite catch all that...purchases, finance purchases, and all that kind of stuff. The second page, the questions that were there, they did bring to light some questions that I wouldn't have thought of on my own.



LAURIE: I agree that the first page, it's like the paragraphs are just one big long sentence. And, I get lost after a certain amount of time, it's like, 'this sentence is never going to end...forget what you've said', because, like, there's no pause. And, now that I've read that second section, like three times now, it's starting to make a little more sense, but usually when you get a policy of some sort, you're talking about something like this thick [holds fingers an inch apart], and by the time you get to the third or fourth page, I don't even know what it's about anymore. But, so it did lose me a little bit at first. The second page, I agree, I liked the second page, the questions make you really think about what you are going to get into...and what you need to look at down the line a little more, and you say, 'oh my god, I didn't think of that'.

MA: Ok, thank you. Zach?

ZACH: Well, not being in, sort of, the state of mind of actually needing any of this, you know, I had to read it one more time because the first time I was just like...because I'm not actually needing any of this. So I read it again, and change my attitude and say, 'Ok. Try to understand it. As if I need to do it.' And, there was a couple things I didn't understand, about the financial purchase, and like she said the last sentence says 'the financial purchase is a replacement', and you go back to replacement, and what's the difference? So, that kind of confused me a little bit. The second page, the questions I thought were really good. Again, it made me think of my policy, maybe I should have asked these questions, so I'm going to take this home [laughter]. So, that was really good, I liked that. But, all in all, um, I had to read it a few times to try and really stay with it, and concentrate on it. It wasn't something that I read the first time and said 'yeah, I know what that is', it didn't happen. But more, maybe if I read it again, like she said, it would start making more sense. But again, if I had something like this I would go to my insurance guy and...get it straight.

LINDA: Well, what everybody said. Um, I read it first, and I read it again, and I read it again. I definitely...you need, your agent to help break it down. On some of these, like the finance purchases, I was like 'what's that?' So, I agree with you all, again, the second page, I think it's really good to ask a lot of questions. And, being in the health industry with my husband, it's really good to ask questions. And they were very detailed, and I liked that.

MA: Ok. Good, thanks. Let's start with Linda this time. What were the most important points of what you read? And along with that, does this seem like important information for an insurance consumer to have?

LINDA: The points would be, how to break down the second [page?] premiums, price and value, insurability. Again, if you're keeping your old policy...so, it really does break it down. I like that. That's good. Um, look at the first page, it's just a bunch of definitions. 'You need to do this, you need to do this...'

ZACH: One thing I do like that they did is, they did give a definition of what a 'replacement' is...and 'financial purchase'. Because, if I had read the first paragraph, and

not known those definitions, I'd have been clueless. So, it did help me, that they put in there exactly what they mean by it, uh, replacement....but that was real important. When I went back, again read it, things started to come together a little bit better. And then the other thing, the second page with the questions, I think that was real good, it even made me think about asking these questions on my policy that I have, because I don't know, I don't know some of these answers. So I thought that was real helpful.

MA: Do you think it's important information for an insurance consumer to have?

ZACH: Yeah, I do.

MA: OK. Laurie?

LAURIE: The two questions that it asks you on the front page, makes it sound like you're doing something bad. I mean, they use words like 'forfeit' and 'surrender' and 'terminate', it makes it sound like you're just totally giving everything up. Where as on the second page it's softened up a little bit; it says 'are you considering changing', because that's really what it is. But I know...'terminated' just makes it sound bad. And I think that's something, that your average person doesn't want to hear those words, so then they think 'oh my gosh, I'll just stick with what I'm at and not deal with it'....Well, it may not be the best thing for you to do. Because, maybe something else would be better maybe, the questions they need to ask are not these first questions. Reading this first page, you're not going to be able to decide if you should change or not. I wouldn't, anyway.

MA: Ok, Catherine, what do you think was the most important point of what you read?

CATHERINE: Oh, the second page gave me a lot of insight into what they actually said, you know, what questions I might take to Mark and say 'hey, do I need this?' and that kind of thing. Um, so it gave me some fuel to talk with him about subjects that we haven't covered before, uh, even though I'm comfortable with the policy I have, you know...And I just didn't really realize that things could be 'forfeited' and 'surrendered' and, and it makes me lose a little confidence in what I might have right now. I know with my house mortgage, I've been sold a million times it seems, like every time I turn around I've got a different group holding my mortgage, and they sneak in and say, you know, 'you've been sold'. Anyway, so it just didn't make me feel very confident when I read the first part, because I didn't understand a lot of it. But, the second page gave me a lot of insight, and it made me feel more comfortable, and it gave me...premonition of what questions to ask about my existing policy and stuff. I liked the second page a lot.

MA: Belinda?

BELINDA: In terms of important parts to me, I would think paragraph four...that to me gave me...well, I know that they're selling something that...that may not be in my best interest. And then, if you jump down to the next part, uh, after number two, make sure you know the facts. And then, it says right there, go ahead and request a copy of what you already have. And I thought that was really important and helpful. It's not that the...I

mean the language here isn't actually all that bad. It's not...except structurally we could work on it [agreement]. Um, and it's not...it doesn't sound like someone who's so in deep and entrenched, really, that they can't do conversations with people who are not, uh, in that industry. So the language wasn't particularly a big problem...it doesn't sound like it's in lawyer mode. Um, important points? Yes, the questions...extremely important. Because that's what speaks to someone who's not in this industry. This is the language that I wonder [about?].

MA: Thank you. John?

JOHN: One of the more important things from the last two questions on there...like, tax consequences and what have you...there again, that fourth paragraph is...I think it's a good paragraph, you need to understand what you're doing.

MA: Ok, good. Lionna?

LIONNA: I have to agree with you...the last paragraph on the first page. But, I do see that they're distinguishing between life insurance in the top section...and the bottom section of annuities. Because they are two separate and distinct things. Life insurance is not annuity, and annuity is not life insurance.

JEFF: I agree with everybody. Um, one of my thoughts was, the way that this flows. If the questions came in the front end of this whole packet, it would set somebody up to be prepared for the rest of the documents. Because you would have a more clear understanding of what you are looking for, what your needs would be, or not be, um...and it would seem to me that if the questions were in the front end of it, that would really, really give the novice person, or Joe Public, a pretty good idea of what he's supposed to be getting. No matter how much friends you are with the people you work with, you personally will understand and have more confidence going into the rest of these documents. When you read the first page first, pretty much the normal person, as for me anyways, I'm already shut down and lost. [agreement] And, so I would even not, I would probably never even get to the questions, which...this would give the general guy a really good feeling of being able to...like you said, I forgot your name, but it's structured to talk like human being style. Because most people are not super educated and, if they even have a high school diploma, they haven't read anything in probably years sometimes. And so we lose, we lose that grip of what's happening [in the disclosure]. So, to make it more simplistic and understandable, um, the questions set a person up in a really good way. I think the rest of it would actually feel very, very good if it was just sequenced different.

BELINDA: That's a very good observation. I would have to agree.

LIONNA: It is, it is. Where it says contact your existing company...as soon as I saw that I was going to fold the thing up, stick it in my pocket and call them up, and not even go on to the second page. Because the first page is...you know, lost me, like you said. So, when

you were talking about putting the questions first, it kind of, like you said, it would kind of give me some fuel to go on.

MA: Do you think that there's anything you're expected to do or should do, now that you've read this?

ZACH: What it makes me want to do is maybe...not reconsider...but examine exactly what I'm doing. Make sure that this is what I want, that it is in my best interest, and how to go about it the right way. So, that's what that makes me want to do. It's almost like getting a second opinion...you know, maybe I'll learn a little bit more, get some feedback.

MA: Anybody else? [pause] If this were attached to a policy you bought, would you read it?

LIONNA: No.

LAURIE: Probably not. Like Jeff was saying, you read the first few sentences and you're like, 'Ok, where do I sign so I don't have to read any more of it?'

JOHN: Are you talking about both pages? Attached to...my first impression would be that it's just a bunch of more legal stuff that I'm not even going to understand...just by the visual of it. However, again, now...now I will be [laughter].

BELINDA: Now when we get policies we'll make sure we know what we're doing.

MA: Good. Can you think of any way it might be changed so you'd be more likely to read it?

All: [laughter]

BELINDA: The font...the font is the same sized font as the rest of the package?

MA: Oh, just take it as it is.

BELINDA: If the rest of it were the same...it's a little bunched together. And, truthfully, that is probably the more important stuff that you need to know. If it looks the same as the rest of the document, I probably would not read it...in terms of something smaller or bigger. It does say important notice...my husband would read it.

MA: Anybody else?

JEFF: The question again was...?

MA: Can you think of any ways it might be changed so you'd be more likely to read it?

LIONNA: You could initial the pages. Like when you do a closing on a building. And so, you...each page you'd have to initial, so it made us look at each page. So, I won't initial something without reading it, you know. Take your time, read it, and initial it. That will draw my focus to that page.

BELINDA: That's a good idea.

JEFF: My thought is, the majority of time that we would look at a life insurance policy or annuity, is going to be a set up appointment with our agent. It could be pre-set with your agent that you would have a block of time, and he could explain a simple...'this is what we're going to talk about, this is how it goes now. I'm not just going to whip out a bunch of different things to you and tell you, this one we can put in three-hundred dollars and in fifty years you've got a billion or whatever. We're gonna, first we're gonna go over a bunch of questions so you understand what we're gonna be talking about, and see if it fits.' Like these questions here. And, if we have a document...I like that idea about the initial...I would even have them initial for each set of questions. Because then, that would also take the liability of the insurance agent, and the policy, because they did go over these questions, and they do understand. That's such a good piece in the front-end, the majority of people aren't going to have a better understanding. So, my thought would be to incorporate what she said, but have that set up, that this is going to take an hour and a half to do even a simple life insurance policy, this is why. 'Sit down, and we're going to go through some questions that you need to know.' That would be my thought, because really cool to have [???].

ZACH: I don't know, I don't know, to be honest with you, if somebody just said, 'read this', if, you know, I would read it. But I think maybe if I had to initial it, or, if they were going to discuss this with me prior to actually doing any type of, you know, commitment or anything like that, they'd say, 'Ok, do you know, and do you understand,' then maybe I would read it, because, I wouldn't want to sit there and look stupid, first of all. But then I would say, 'Ok, this must be really important, something they really want me to know'. Maybe, like JEFF was saying, that I knew in the first fifteen minutes that they were going to go over exactly what [???]. I'm just saying, I'm just talking about me.

BELINDA: I would say, 'wait, you've got to tell me what I need to do.' My husband would read it. He reads absolutely everything.

MA: Anybody else? [pause] Ok. Can you think of any ways that this might be changed so you'd be more likely to understand it?

JOHN: I think you've got to have an understanding of life insurance before you can go into it. This document assumes you know at least the basics about life insurance, and annuities.

CATHERINE: Yeah, like what does it mean when something gets 'forfeited'? How does something get 'forfeited'? What are the steps that make it something that's going to be 'forfeited'? You know, because I don't know what that is.

JEFF: One of my thoughts is to use different colored text, and maybe put some visual icons. Because that draws your attention, number one. And if you don't understand the icon, you might read a little deeper in to something. For me, I'm an extremely visual person...reading's not my bag, I don't like it, I don't really want to even do it. I struggle though it. But if I could see a visual, and it catches me, I go check it out. And, I think a lot of the world is that way, I mean every advertiser and everything, really goes for the visual. So, when you put a big long document like this in front of me, it's like 'Oh man, can I trust this guy? Is he telling me the right thing or not? Because I really don't want to deal with this.' So my thought is, is that maybe if there was a little color, or a little something to it, to attract me to it a little bit more, put some interest into it....little things like that, I think, would be helpful for me.

MA: Ok. Can you think of any ways it might be changed so it would be more useful to you?

JEFF: I've formed a couple of corporations, and when we do our books, the front page of that book has a checklist. Real big, clear, simple....did you sign the minutes? Did you do this? Did you do that? And you just go down and you check those, and it may be good to go through this document, with a front page checklist. This is what you need to do to get through it. Kind of like, 'tell me what I'm supposed to do, because I really don't know, so if you give me a checklist, then I'll go through this thing, and do it, and check them off'. That would prompt me to be a better steward, going through this information.

LAURIE: With the paper that has the questions on it...if there was even a little bit more room so you could answer them, and go back to look at it. You might be able to, you know, 'Are they affordable?', well, you would work out what the monthly payment is, and what is, yeah. So, you sort of compare with yourself. I mean, there's a little bit of room on this. But, you want to have some sort of notes. That would help me...I'm a little, short-hand note-taker person.

BELINDA: Like 'existing' and 'new', so you could kind of compare...

LAURIE: Exactly. Like bullet points, but it would still be bullet points on one side, and then like that [comparison] too.

MA: All right. Does anyone have anything else to say about this particular document?

ZACH: I like it, I like this, just the whole thing, the way they set it up. Because, first of all, it gives you some definitions, it tells you, you know, if this is in your best interest, and then it asks you, 'Are you going to do this? Are you going to do this?' So it's telling you, 'Hey, is this best for you?' And if I said 'Yeah, I think it's best for me', then just to go through these questions, just so you know. And you're not going to go, a month from now, 'Darn, I wish I hadn't done that'. So, the more I keep reading it, the more I kind of like it. I like this.

MA: Ok. Great. The next one is a privacy disclosure. [pause, *handing out privacy disclosure*] Ok. This privacy disclosure...do you understand what it says?

All: [no]

BELINDA: I understood it just fine, until I got to the example, and the whole thing about the exceptions, because, it doesn't tell you that the exceptions are coming...uh...that I just wanted some kind of connection to say that, like, that exception equals this exception, on the back. But otherwise, I thought it was easy to understand.

CATHERINE: I understood what they were saying, as far as the way it described everything, and gave you examples. One thing that I question was, in the middle, it says, 'Except as permitted by law', and then on the second page again, '...as permitted by law.' I don't know what the law is.

All: [agreement]

JEFF: That's the real big question right there. What's allowed by the law?

CATHERINE: Right. So, it describes everything, but what is our law? It changes so much. So maybe, then say, have another paragraph saying, 'This is the law'. You know, or something like that.

JEFF: I was reading this, I felt absolutely wide-open to anybody who wanted my information. I just felt violated, where I saw no protection for me. As I was going through this, and of course on the bottom, or in the back, where you know, I would like to protect myself, I still felt like there were gaping holes...that just like....just put this thing in my gut, like 'Arrgh'.

JOHN: Well, the second to last paragraph you know, if you want to opt out of this, 'Other than disclosures permitted by law'...

BELINDA: What's the law?

JEFF: Exactly, what's the law? It's like, they have their disclaimers in there that they do not...not really go into detail at all, to let you know what that is. And so I'm still blind, really, to what they're talking about, even though they kind of...give me this fluffy little way, saying I don't have to disclose this stuff and I can opt out...*except*... And then they don't tell me what the exceptions are. And, just, it's this gut-wrenching feeling of just...I really don't know who's getting me stuff here'.

LAURIE: I just had a hard time understanding it at all. It says 'outside of your exceptions', and the exceptions are on the next page, and I'm trying to think, 'Ok, what exceptions?' What does an exception mean? I just...I get lost before I even get to the exceptions.

CATHERINE: What they were saying, like, 'other than outside the exceptions', then put them right there...'what are the exceptions'. You know what I mean? not make you go to the second page. Or, wonder, like 'What are the exceptions', and then all of a sudden get down there, 'Oh, there they are', and then you have to flip back and forth, back and forth, to make sure you're reading it right, or understanding correctly.

JOHN: Basically, they're saying that you can only opt out on non-affiliated third parties, those are the people they're selling information to. Because their affiliated parties, uh, they're sharing that information.

All: [agreement]

JEFF: That's where the...under the law thing comes in. [laughter] And how many companies do they really own, and what do they really do?

JOHN: Exactly.

BELINDA: That one I'll bring home, too. [laughter]

MA: What do you think were the most important points about what you read?

LAURIE: The opt out? [laughter]

LINDA: It's good that it gave us a toll-free number, to call and opt out. Hopefully, when you call them, you're able to ask questions. And um, I like that part. Because I would definitely opt out. But, I want to know my rights first. And what is the law...how could you...specifically ask that.

CATHERINE: Yeah, it would be good if they had that on there. But, the law changes from state to state. And...there's a lot of people who are hiding from the law. [laughter]

ZACH: I agree with the last paragraph, where they say that they try to safeguard...uh...procedural safeguard. I thought that was...that was in my best interest. I'd like to know that...that just, my information is not just... When I read about the law, and I could be totally wrong, but I was thinking things like, by law, somebody is a convict or something, you know, you've gotta say it. That's...so...by law, somebody has to know that. When I was reading about the law, that's the first thing that came to my mind. But then, when you guys brought that other thing up...well, 'What is the law?' I...I...it all made pretty much sense to me, what they were trying to say. If somebody handed this to me, and said 'This is a privacy disclosure, I'm going to give them information'. I would understand that it's available, and that I can sign I don't want, and that I would...I would understand that they are going to do their best. I understand pretty much what it was saying, though...but there was some terminology that flew over my head.

MA: Is there anything that you're expected to do, or should do, now that you've read this?



ZACH: I...I started doing this with my social security number...I don't put that down anywhere. I am aware that...five years, ten years ago...everything was just social security. Now I...

JOHN: Blue Cross Blue Shield has taken our social security numbers off our cards now...

ZACH: Yeah...I...I took mine off my driver's license. I went, and I got that off. So, just being aware of things, now...you have to be. So this would be vital, because you hear about identity theft. So...I think it's vital.

MA: Anything else? [pause] If this were attached to a policy you bought, would you read it?

CATHERINE: I would, just for the title, you know.

LAURIE: 'Privacy Disclosure'.

LIONNA: It's a big issue.

JOHN: Although, with credit card companies, when I get that privacy statement, I rarely ever read that, quite honestly. It's like, three pages long or something like that...very legal.

All: [agreement]

LAURIE: So, maybe the bullet point thing would be better there. I would just kind of [look at] categories, like 'Ok, ok'...

CATHERINE: 'Where's my offer?'

LAURIE: Yeah. That's usually what I'm looking for. Is there anything I need to do so this information doesn't get released? And usually, nowadays, it's like 'go to this website', 'call this number', you enter your account number and they automatically know who you are or whatever...

CATHERINE: I'm not a twenty-first century person yet, I don't have a computer. I get really frustrated when the only way I can talk to someone at the corporation is by website.

MA: Can you think of any ways it might be changed so you'd be more likely to read it?

JEFF: What I was thinking, that would really straighten this whole document out, is very, very simply say, 'This is what we can do. This is what this company does with this information. We give it to our sister companies. Doo, doo, doo, doo, doo. We give it to this. These are the third-party people who are on our list to get information. Doo, doo, doo, doo. If you opt out, this is the only place your information goes. Doo, doo, doo.'

That way it would be very clear. I would know exactly what they're talking about. And there would be little...If it was broken down that way, I would understand each stage of how it's done. My thought is, is it is put together very confusing and wordy and losty, to get you all spun around, so you really don't know where it's going. Just so you don't even finish reading the thing, so you just sign it at the end, and just go on to the next thing. That's my feeling.

LAURIE: The only thing about that is, once you see all the companies that they're affiliated with, you may decide not to do business with them, because you know you're going to start getting all kinds of calls, and they're going to have all your information to start...

JEFF: However, the question was 'how I would like it, how I would read it', you know. And that's full disclosure. I mean, you're talking about a privacy thing, but there is a thing that's...that you need to fully disclose what's going on. And, just by giving you some kind of sideline 'exception to the law' kind of thing, is really kind of a flaky way to do that. And, if you're really going to fully disclose, then let's fully disclose.

BELINDA: In terms of getting me to read it, I would like to see the disclosures as permitted by law explained.

MA: Are there any ways it might be changed so you'd be more likely to understand it?

BELINDA: I would love to see...some examples. [laughter]

CATHERINE: I agree. And I'd want to talk to a person.

MA: Ok. We have one more. And this is a disclosure...a summary of life and health insurance. [pause, *handing out Summary of Life and Health Insurance*]  
Do you understand what this disclosure says?

LIONNA: This is worded better than any disclosures we've seen so far. Far better.

JEFF: I thought this was a legal description of...our rights, or the rights of the association. And for a legal document, it was the easiest one I've ever read in my entire life.

MA: What were the most important points of what you read?

LIONNA: Coverages...the coverages and explanations.

MA: Does anybody else want to add anything?

JOHN: You know, the first paragraph was pretty broad...It says they're going to pool the money, and pay you what you expect to get. But then it backs off in the second paragraph, and then it goes on further to explain that...these things...[???

JEFF: I like every portion of this document, because it flowed in a way that I could understand each, next section that I read. It made it real...just flow real easy for me. So, when I got all done, I wasn't confused. I understood what I just read. So I liked, actually every piece of it.

LINDA: I like the format too. The introduction, then the disclaimers, then coverage...it was real...real formatted. All the exclusions and the bullet patterns...that was good. And then I liked the limits. It's really good. And then it actually repeats it again at the very bottom. Makes sure you understand.

MA: Do you think there's anything you're expected to do, or should do, now that you've read this?

JOHN: Well you'll want to make sure that you're dealing with a reputable insurance company.

BELINDA: Also...there's a lot that they don't...exactly cover. Which is...but that's probably good, because that means there are different insurance holders who need that kind of safety net. And, in the important disclaimer section, the whole document says 'Life and Health Insurance Protection Association', but in that first sentence it says 'Life and Health Protection Association', instead of 'Life and Health *Insurance* Protection Association'.

MA: If this were attached to a policy you bought, would you read it?

All: [Yes; Absolutely; Definitely]

JEFF: It depends on where it was in the document.

All: [agreement]

JEFF: For me, it would really depend on where it was in the document.

LAURIE: I think people...I know I tend to pay more attention to my health insurance than they do to my other insurance.

So, I think people tend to read things having to do with their health insurance more.

ZACH: One thing that I noticed that I do is, if something is highlighted, or catches my eye, I always go right to that. You know, I go there first and read that, and say 'Huh, I'm going to read more of this.' So, maybe highlighting areas that are really needed would be helpful too. Maybe even that 'Important Disclaimer' in bold and highlighted would make me more likely to read it. That would catch my attention. I notice that I do that...on documentation that I have to read.

LAURIE: More colors...

ZACH: A little bit of color or something, yeah.

MA: You just answered the question...how it might be changed so you'd be more likely to read it. Can you think of any ways it might be changed so you'd be more likely to understand it?

JEFF: It's just getting to read it. I don't know if...but...going back to that checklist thing at the front of your packet. 'Such and such an act', check it off. So that way, no matter where it was in the document, I would search it out, and read it.

LIONNA: I think this is fine just the way it is. It's understandable, it's highlighted. I don't think you could want a more...detailed document that you could understand this clearly.

MA: Does anyone have anything else to add about this particular disclosure? [pause] Ok. A few more questions. We are almost through. How long do you think insurance disclosure documents should be? Of these that we've looked at tonight, do you think they were too long, or about right, to convey the information that you needed to know.

ZACH: Everything was fine.

All: [agreement]

JEFF: Well, my thought is that when you ask that question, you're only talking about these few documents by themselves. But, when you're talking about a packet, with a lot of documents put together, then that creates a booklet. So, it is a little difficult for me to answer, because you're really incorporating a lot more than just these documents.

CATHERINE: A disclosure is a disclosure...[laughter]

JEFF: And with all the liability out there for the companies, they have to...to make volumes of stuff they have to go through, in order just to protect their company.

MA: Does anybody want to add anything to that?

CATHERINE: With my [insurance] company, and all companies are different...When I started it, I had a binder, and I put things in there. And, periodically, when things come up, and they have to notify me, [they send something that's] usually three-hole punched, and I just add it to my binder, and add on a sign that says what it is. But, I like that because if I have to go and find something, I have it there in the binder. I just glance at it, and read it, and know that I have it, and I can find it if I have to refer to it. But, it's a different kind of policy. They're not 'in the business' of life insurance, but they provide an umbrella of life insurance.

MA: When you purchase a life insurance product, do you usually read the policy and disclosures that come with it?

LAURIE: No. I don't.

LIONNA: No, no.

JEFF: I do now. I take the time to read through them, just because I hear what people have gone through. They're like 'God, I should have asked more questions.' You know, all of a sudden something comes up, and I find out I wasn't covered like I thought I was...you know, a lot of that happens when you're not a good steward of...when I was...purchasing.

MA: Do you think it's important to read it?

All: [agreement]

CATHERINE: Bad reader...person. Can't handle it.

LIONNA: As far as insurance policies, I think we all tend to depend on our insurance agent. Whether he or she is adept at what they're selling you, how much you trust them, and you know, we listen to them more than anything. But then, when you have a huge claim or something, you'll find out exactly what your policy covers, and what it doesn't.

MA: Do you think it would be more useful to you if your insurance company or agent called you personally about your policy, and find out if you have any questions.

All: [agreement]

LAURIE: Oh yeah.

CATHERINE: I did that with my auto insurance guy. He did that.

JEFF: One of the thoughts that I'm having, is that...We all got the opportunity to do this. And it raised our awareness about a whole lot of things, and we're all going to be checking out things a little bit clearer and stronger. [All: agreement] And, to help the general public, if the insurance companies themselves, had some kind of rebate for their clients to come in and do one of these surveys of their own insurance company. And what it would be doing is [???], but you would need an incentive to get people in there. Because, in general, insurance companies have a very negative public image. And, that's a real battle to get over. The insurance agent, if he hasn't got a good relationship with you, or hasn't got a personal referral for the next guy, it's pretty hard to sell to them, because of that stigma out there. So, if the insurance companies were pro-active, and did some type of...Most people have the impression that they are just absolutely going to get their money, that's what they [the insurance companies] care about. But we have to have it. Most of it...We have to have car insurance to drive our cars. So, we feel like we are trapped in this thing, and we don't have a lot of say. For me, the documents that I had to go through...it seems like they [???] so we can read them, rather than telling us what we really need to know, which isn't even close to this. What I really look at, you have about

10 pages of stuff on one page, so tiny, that you get a headache trying to get through the first paragraph. All the big words--'thereof', 'thisof', 'thatof'...[laughter], and all these legal kind of ways that they talk--I don't have a clue what they're saying. So my thought is, to answer that question is, that insurance companies will talk with their clients. And, there would have to be some kind of benefit, but they would want to work that out anyways...and it would bring in more customers, too.

BELINDA: My two favorite car companies...when you buy the car, they offer a workshop for you. You go in and find out, 'this is how your car works'. They don't tell you how to change the transmission yourself. But, if you needed to change a tire, well 'this is where you put your wrench'. You know, it's basic stuff like that--check your lights, check your oil. And they are my two favorite car companies. So, I would love something like that from the insurance companies--'Come on in for this little workshop', and tell you how your entire policy works. The informational session for you as a possible policy holder, or a refresher course for an existing policy holder. Stuff like that would be great. And, you know, that puts you in touch with a person, because we've lost touch with our insurance agent when we're in a larger company. But we still have that one, you know, we have that life insurance guy, and we've known him for years, and we have the same number of kids. You know, we know all about each other's lives...and it's puts you more in touch than a website or 800 numbers. [laughter]

LINDA: There's no personal service anymore.

CATHERINE: I don't think it would take much. You know, it doesn't have to be a huge rebate. I know when I got my car from the dealership, I went to the workshop, because they told me there was going to be a dinner provided, and little gifty things, and...that's all it took to get me in there. And I learned something, and I got to know who Jack was, you know, the head of service, and who this is, and that is. It made me feel like I had someone standing behind me, with my car. It would be great if you had that with your life insurance, you know, the average person doesn't have BELINDA's relationship.

JOHN: My uncle sold insurance for 40 years, and they'd call him at home at night to ask questions.

CATHERINE: Put the personal touch back in insurance. One time, when my car broke down, I was stranded along the freeway. It was the middle of summer, you know, no shade on the freeway, and I had to wait for the tow truck to show up. And I had called my insurance agent and you know, he came and actually brought me a bottle of water.

BELINDA: Wow. Now I like your insurance company. [laughter]

MA: Well, that's all the questions I have tonight. Does anybody want to make any more comments, add anything before we close?

LAURIE: Well, it's a lot easier to see everything like this, separately. Usually you get a whole big book, there's no categories, there's no nothing. But, if it were divided into little

pockets almost, like, here is the disclosure, here is this. Overall, though, the wording on these was easy to read.

ZACH: It's good to know that they're trying to do this, and help us, you know, be more informed about what we have, and what's available. That feels kind of reassuring. But you know, you have to read your stuff, and be responsible.

[END]

**APPENDIX B:**  
**FOCUS GROUP RECRUITMENT SCRIPT**



***NAIC Insurance Disclosure  
Recruitment Script***

Hello, this is [INTERVIEWER] and I'm calling from the University of Georgia. The Survey Research Center at UGA is conducting a study on insurance products and we will be conducting a group discussion in your area on [DATE OF FOCUS GROUP]. The purpose of the discussion will to find out how well people understand explanations of coverage in insurance policies and to find out if there are better ways to explain insurance language to consumers. We are trying to locate about 10 people in your area who could attend a group discussion at [NAME OF LOCATION] on [DATE]. Participants will be paid \$50.00 to spend one to one and a half hours discussing insurance language, and we'll provide snacks and light refreshment during the discussion.

[INTERVIEWER NOTE: If respondent asks:

- The study is being conducted by the University of Georgia on behalf of the National Association of Insurance Commissioners. This study does not involve any attempt to sell you any type of insurance – the study will simply discuss how insurance policies are worded and whether or not consumers can understand their policies
- The study is not sponsored by or affiliated with any individual insurance company. It is being conducted by the University of Georgia for the National Association of Insurance Commissioners in an attempt to benefit consumers with clearer language in policies.

Would you be interested in participating the group discussion on [DATE] at [NAME OF LOCATION]?

1. Yes
2. No

Great. I just need to ask you a couple of questions and then I'll give you more information on the focus group.

S1 – Do you currently have any of the following types of insurance?

- 1.1 – Life Insurance Policy (Whole Life, not Term)
- 1.2 - Health Insurance
- 1.3 – A Fixed or Variable Annuity

[RESPONDENT MUST HOLD AT LEAST ONE TYPE OF INSURANCE; OTHERWISE, END INTERVIEW WITH: “We need to speak with people who have at least one type of current insurance coverage, but thank you for your help.]

S2 – Do you currently work as an insurance agent or as a benefits manager for a health plan?

1. Yes [TERMINATE WITH “We need to speak with folks tonight who are not employed in the insurance industry, but thanks for your help”
2. No [CONTINUE]

The next few questions are only to try and get a group that is representative of all types of people.

S2 – Record Gender

1. Male
2. Female

S3 – What is your age?

\_\_\_\_\_ years old

S4 – What race or ethnic group do you consider yourself to be?

1. White (Caucasian)
2. Black (African-American)
3. Hispanic (Latino)
4. Other Race/Ethnic Group [SPECIFY \_\_\_\_\_]
5. Refused

Q5 – What is the highest grade of school or college you have completed?

1. < HS Grad
2. HS Grad
3. Some College/Associate Degree
4. College Degree
5. Post-Grad or Professional

As I mentioned earlier, the group discussion will take place at [LOCATION] at [TIME]. We'll send you a map with directions on exactly where the [LOCATION] is located. We'll also send you a little information about the study, and we'll give you a reminder call the night before the group discussion.

Can you give me a name and mailing address and I'll send you the study information and directions.

Name:

Address:

City:

Zip:

Phone Number:

Okay, thanks for your help and we'll see you [DATE] at [TIME].

**APPENDIX C:**

**MODERATOR'S GUIDE**

**NAIC Insurance Disclosure  
Focus Group Study**

**December 2004**

**SECTION I - BACKGROUND/INTRODUCTIONS (10 minutes)**

Moderator will:

Introduce herself and thank participants for agreeing to come.  
Identify topic in broad terms and explain the purpose of the discussion.  
Explain the presence and purpose of recording and observers.  
Encourage participants to speak candidly.  
Note that participants' names will not be used in any report.  
Facilitate participants' self-introductions.

**GREETINGS:** Good afternoon/evening everyone. My name is Mary Ann Mauney. Thank you for agreeing to come here today to talk with me. Our discussion today is going to be very informal and will deal with the language used in insurance policies and how effective the language in allowing policy holders to understand their policy. I'll be talking with another group like you in another part of Georgia and also a group in Phoenix, Arizona.

**GUIDELINES:** Before we start though, I want to tell you a little bit about how this works.

I am interested in what you really think about the things I will bring up -- there are no right or wrong answers. I am not here to see if you know certain answers to my questions; all my questions are to find out your opinions and suggestions. I hope you will feel comfortable telling me your true opinion about the things we talk about.

I will not use your names in my report -- sometimes, that helps people feel more comfortable about telling me what's really on their minds.

Our discussion today will be both video and audio-recorded so that I can concentrate on talking with you. We'll use the video and audio just so we can make sure we remember everything that you say. After we summarize all the things you say in our group discussion, we'll destroy all of the tapes so no one will know who said what.

Because of the recording, it will be very important for everyone to speak at least as loudly as I am speaking. If you aren't talking loud enough I'll just ask you to speak a little louder.

The first thing I would like to do is to pass out these consent forms and have you carefully read what you will be required to do today. Once you have read the consent

form, please sign one copy of the form for yourself and then sign the second copy of the form and pass it back to me. If you have any questions, please don't hesitate to ask.

INTRODUCTIONS: Now I'd like to help you to get to know each other a little bit. To do that, I'd like to go around the room and let each person tell us their name and what they do.

## **SECTION II – TYPES OF INSURANCE COVERAGE HELD (10 minutes)**

Next I would like to go around the table and have each one of you briefly tell me what kind of insurance policies you currently hold. These could be life insurance, an annuity, a long term health care policy, or an accidental death insurance policy. Let's start here.

*[SUBJECTS DISCUSS DIFFERENT KINDS OF INSURANCE POLICIES HELD]*

The main purpose of our discussion today is to find about how well people understand the language in your insurance policies and to find ways to make insurance policy language clearer. What I would like to do now is to pass out part of a hypothetical insurance policy, let you read it, and then discuss what it says. Take about 5 minutes right now to read this document.

**SECTION III – REPLACEMENT DISCLOSURE (20 minutes)**

## Life & Annuity Replacement Disclosure

### IMPORTANT NOTICE: REPLACEMENT OF LIFE INSURANCE OR ANNUITIES

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on the existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy, to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interests. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract?  YES  NO
2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract?  YES  NO

Make sure you know the facts. Contact your existing company or its agent for information about the old policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

I certify that the responses herein are, to the best of my knowledge, accurate:

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A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the company or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract. This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

**PREMIUMS:** Are they affordable?  
Could they change?  
You're older—are premiums higher for the proposed new policy?  
How long will you have to pay premiums on the new policy? On the old policy?

**POLICY VALUES:** New policies usually take longer to build cash values and to pay dividends.  
Acquisition costs for the old policy may have been paid, you will incur costs for the new one.  
What surrender charges do the policies have?  
What expense and sales charges will you pay on the new policy?  
Does the new policy provide more insurance coverage?

**INSURABILITY:** If your health has changed since you bought your old policy, the new one could cost you more, or you could be turned down.  
You may need a medical exam for a new policy.  
Claims on most new policies for up to the first two years can be denied based on inaccurate statements.  
Suicide limitations may begin anew on the new coverage.

**IF YOU ARE KEEPING THE OLD POLICY AS WELL AS THE NEW POLICY:**

How are premiums for both policies being paid?  
How will the premiums on your existing policy be affected?  
Will a loan be deducted from death benefits?  
What values from the old policy are being used to pay premiums?

**IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:**

Will you pay surrender charges on your old contract?  
What are the interest rate guarantees for the new contract?  
Have you compared the contract charges or other policy expenses?

**OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:**

What are the tax consequences of buying the new policy?  
Is this a tax free exchange? (See your tax advisor.)  
Is there a benefit from favorable "grandfathered" treatment of the old policy under the federal tax code?  
Will the existing insurer be willing to modify the old policy?  
How does the quality and financial stability of the new company compare with your existing company?



***[MODERATOR – ASK EACH QUESTION AND SOLICIT RESPONSES FROM PARTICIPANTS]***

Okay, let's talk about this policy disclosure.

3.1 - Do you think you understand what this says?

3.2 - What were the most important points from what you read?

3.3 - Does this seem like important information for an insurance consumer to have?

3.4 - Do you think there's anything you're expected to do or should do now that you've read this?

3.5 - If this were attached to a policy you bought would you read it?

3.6 - Can you think of any ways that this might be changed so that you'd be more likely to read it?

3.7 - Can you think of any ways that this might be changed so that you'd be more likely to understand it?

3.8 - Can you think of any ways that this might be changed so that it would be more useful to you?

## **Section IV – Privacy Disclosure (20 minutes)**

Okay, now I want to pass out to you a second kind of policy disclosure. This next one is a privacy disclosure. Take about 5 or so minutes and read through this one.

## **Privacy Disclosure**

### **Categories of information a licensee collects (all institutions)**

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates or others; and
- Information we receive from a consumer reporting agency.

### **Categories of information a licensee discloses (institutions that disclose outside of the exceptions)**

We may disclose the following kinds of nonpublic personal information about you:

- Information we receive from you on applications or other forms, such as [provide illustrative examples, such as “your name, address, social security number, assets, income, and beneficiaries”];
- Information about your transactions with us, our affiliates or others, such as [provide illustrative examples, such as “your policy coverage, premiums, and payment history”]; and
- Information we receive from a consumer reporting agency, such as [provide illustrative examples, such as “your creditworthiness and credit history”].

### **Categories of information a licensee discloses and parties to whom the licensee discloses (institutions that do not disclose outside of the exceptions)**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

### **Categories of parties to whom a licensee discloses (institutions that disclose outside of the exceptions)**

We may disclose nonpublic personal information about you to the following types of third parties:

- Financial service providers, such as [provide illustrative examples, such as “life insurers, automobile insurers, mortgage bankers, securities broker-dealers, and insurance agents”];
- Non-financial companies, such as [provide illustrative examples, such as “retailers, direct marketers, airlines, and publishers”]; and

- Others, such as [provide illustrative examples, such as “non-profit organizations”].

We may also disclose nonpublic personal information about you to nonaffiliated third parties as permitted by law.

### **Service provider/joint marketing exception**

We may disclose the following information to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements:

- Information we receive from you on applications or other forms, such as [provide illustrative examples, such as “your name, address, social security number, assets, income, and beneficiaries”];
- Information about your transactions with us, our affiliates or others, such as [provide illustrative examples, such as “your policy coverage, premium, and payment history”]; and
- Information we receive from a consumer reporting agency, such as [provide illustrative examples, such as “your creditworthiness and credit history”].

We may disclose all of the information we collect, as described [describe location in the notice, such as “above” or “below”] to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.

### **Explanation of opt out right (institutions that disclose outside of the exceptions)**

If you prefer that we not disclose nonpublic personal information about you to nonaffiliated third parties, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than disclosures permitted by law). If you wish to opt out of disclosures to nonaffiliated third parties, you may [describe a reasonable means of opting out, such as “call the following toll-free number: (insert number)].

### **Confidentiality and security (all institutions)**

We restrict access to nonpublic personal information about you to [provide an appropriate description, such as “those employees who need to know that information to provide products or services to you”]. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

***MODERATOR – ASK EACH QUESTION AND SOLICIT RESPONSES FROM PARTICIPANTS]***

Okay, let's talk about this policy disclosure.

4.1 - Do you think you understand what this says?

4.2 - What were the most important points from what you read?

4.3 - Does this seem like important information for an insurance consumer to have?

4.4 - Do you think there's anything you're expected to do or should do now that you've read this?

4.5 - If this were attached to a policy you bought would you read it?

4.6 - Can you think of any ways that this might be changed so that you'd be more likely to read it?

4.7 - Can you think of any ways that this might be changed so that you'd be more likely to understand it?

4.8 - Can you think of any ways that this might be changed so that it would be more useful to you?

## **Section V – Life and Health Insurance Protection Association Act (20 Minutes)**

Alright, we are going to look at one more kind of disclosure tonight. This disclosure is a summary of the Life and Health Insurance Protection Association Act. Go ahead and take about 5 minutes to read through this disclosure.

## **Summary of the Life and Health Insurance Protection Association Act and Notice Concerning Coverage Limitations and Exclusions**

### **INTRODUCTION**

Residents of [STATE] who purchase life insurance, annuities, or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Life and Health Insurance Protection Association. The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in [STATE] and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Association is not unlimited, however. As noted in the box below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

### **Important Disclaimer**

**The Life and Health Protection Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require residency in [STATE]. You should not rely on coverage by the Life and Health Insurance Protection Association in selecting an insurance company or in selecting an insurance policy.**

**Coverage is not provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk.**

**Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the association to induce you to purchase any kind of insurance policy.**

### **SUMMARY**

The state law that provides for this safety-net coverage is called the Life and Health Insurance Protection Association Act. Below is a brief summary of this law's coverages, exclusions, and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the Association.

### **COVERAGE**

Generally, individuals will be protected by the Life and Health Insurance Protection Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they hold certificates under a group life or health insurance contract or annuity, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

## **EXCLUSIONS FROM COVERAGE**

Persons holding such policies or contracts are not protected by this Association if:

- they are not residents of the state of [STATE], except under certain very specific circumstances;
- the insurer was not authorized or licensed to do business in [STATE] at the time the policy or contract was issued;
- their policy was issued by a nonprofit hospital or health service corporation (e.g. “the Blues”), an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange.

The Association also does not provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk;
- any policy or reinsurance (unless an assumption certificate was issued);
- plans of employers, associations or similar entities to the extent they are self –funded or uninsured (that is, not insured by an insurance company, even if an insurance company administers them);
- interest rate yields that exceed an average rate;
- dividends;
- experience rating credits;
- credits given in connection with the administration of a policy or contract;
- annuity contracts or group annuity certificates not owned by an individual unless and to the extent guaranteed to an individual by the insurer;
- policies, contracts, or certificates or subscriber agreements issued by a prepaid dental care plan;
- sickness and accident insurance when written by a property and casualty insurer as part of an automobile insurance contract;
- unallocated annuity contracts issued to an employee benefit plan protected under the federal Pension Benefits Guaranty Corporation;
- policies or contracts covering persons who are not citizens or permanent residents of the United States;
- financial guarantees, funding agreements or guaranteed investment contracts not containing mortality guarantees and not issued to or in connection with a specific employee benefit plan or governmental lottery;
- any kind of insurance or annuity, the benefits of which are exclusively payable or determined by a separate account required by the terms of such insurance policy or annuity maintained by the insurer or by a separate entity.

## **LIMITS ON AMOUNT OF COVERAGE**

The act also limits the amount the Association is obligated to pay: The Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Association will pay a maximum of \$300,000 – no matter how many policies and contracts there are with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$100,000 in cash surrender values, \$100,000 in health insurance benefits, \$100,000 in present value of annuity benefits, or \$300,000 in life insurance death benefits – again, no matter how many policies and contracts there were within the same company, and no matter how many different types of coverages.



***MODERATOR – ASK EACH QUESTION AND SOLICIT RESPONSES FROM PARTICIPANTS]***

Okay, let's talk about this policy disclosure.

5.1 - Do you think you understand what this says?

5.2 - What were the most important points from what you read?

5.3 - Does this seem like important information for an insurance consumer to have?

5.4 - Do you think there's anything you're expected to do or should do now that you've read this?

5.5 - If this were attached to a policy you bought would you read it?

5.6 - Can you think of any ways that this might be changed so that you'd be more likely to read it?

5.7 - Can you think of any ways that this might be changed so that you'd be more likely to understand it?

5.8 - Can you think of any ways that this might be changed so that it would be more useful to you?

## **SECTION VI – AGENT FEEDBACK**

The last thing I want to discuss before we go tonight is communication between your insurance company or agent and understanding your policy.

6.1 – How long do you believe insurance disclosure documents should be? For example, of these ones we have looked tonight, do you think they were too long or about right to convey the information that you need as a consumer?

Q6.2 – When you purchase a life insurance product, do you usually read the policy and disclosures that come with it? Do you think it is important to read them? Why?

Q6.3 – Do you think it would be more useful to you if your insurance company or agent called you personally to discuss your policy and find out if you had any questions about policy disclosures? Has an agent ever done that with you?

Q6.4 – Would it be useful for your company or agent to call you to find out if the person who sold you the policy adequately explained your policy to you?

**SECTION 7 – DEBRIEFING AND CLOSE (5 minutes)**

Okay, that's all we have to cover tonight. You have been an extremely good group, and we thank you for your participation. I have your honoraria checks here for you as a token of our appreciation for your attendance today, but before I pass them out, does anyone have any comments or questions about anything we talked about today?

[PROVIDE WEB SITE WHERE CONSUMERS CAN GET MORE INFORMATION – PERHAPS GEORGIA SECRETARY OF STATE, ARIZONA SECRETARY OF STATE, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, STATE DEPARTMENT OF INSURANCE]