April 9, 2020

The Honorable Linda Lacewell
New York State Department of Financial Services
1 State Street
New York, NY 10004-1511

Dear Superintendent Lacewell:

The more than one thousand members of the National Association of Insurance and Financial Advisers—New York State (NAIFANYS) have been proud to join you, Governor Cuomo and the many other businesses and hard-working New Yorkers who have rallied together to combat the coronavirus pandemic. As leaders of Main Street’s economic engine, we will also stand together with you as we move from the response phase of this crisis to the recovery phase, and returning New York to its rightful position as one of the great economies of the United States and indeed the world.

Before we delve into the main purpose of this letter, we need to bring to your immediate attention the incredible burden of notification of each and every policyholder by producers as to the extension of time in which to pay life insurance premiums. Several problem have arisen with this most recent requirement imposed upon the life insurance producer: 1) it is redundant to the same demand imposed upon carriers, who are in the best position to reach out directly to insureds, and have the personnel to conduct such notification; 2) it is confused with the obligation of insurers to also inform producers, and it is not aligned with such obligation, whereby agents may well send out notices to insureds before they get their own notice from the carrier; 3) this notification is already disrupting agency activities, including responding to hundreds of inquiries from insureds and advisees, many of whom are receiving the notification information through those communications, but who need to receive a formal notice as well. For agents who have hundreds or thousands of insureds, this regulatory mandate will take days, not hours, to accomplish. We would ask for your immediate intervention to revise the regulation to provide for more flexibility in making the notification, both in method and time.

In order to put the best policy forward in these challenging times, we stand ready to assist the DFS in any way possible. We would welcome the opportunity to serve on an advisory panel on insurance or insurance producer issues to evaluate regulatory options or proposed actions to make certain that they best serve the public in the context of the market realities during this crisis.

We thought you and your colleagues would be interested in the results of a survey we took of our members a few weeks ago, as this crisis was first taking hold in the State. The survey results have provided us with a sense of the impact the coronavirus upon both the insurance
market and, more importantly, the insurance consumer in New York. We will follow this survey up with another inquiry around mid-month to gauge change in sentiment, action and outlook.

First, we appreciate the declaration of insurance as an essential service to New Yorkers. Notwithstanding that designation, the vast majority of our members are working remotely. Either the general agent has closed the office, or otherwise has instructed that remote operation is a sound precautionary measure. We strongly believe that the agent community has both heeded the call and has contributed to the downturn in the spread of the coronavirus by affirmatively deciding to work remotely.

Just as important, our respondents overwhelmingly—but not unanimously—indicated that they are not planning any downsizing, furloughing of employees or taking some similar action. More than two-thirds of our respondents re-soundingly said they are not making such plans; it will be interesting to see if this sentiment changes in our follow-up survey and as the “NY on PAUSE” continues to the end of the month. We ran the survey before the signing of the CARES legislation, so we will also be sure to inquire as to whether insurance agents are availing themselves of the two primary business support programs created in that legislation.

We cautiously approach this issue as almost a quarter of our respondents did indicate that either they were either taking some downsizing steps or were considering such steps. Further, a number of our respondents—who, by the way, were largely well-seasoned veterans of our organization—expressed deep concern over the impact of this crisis on the new adviser, someone in the business just one to three years.

Agents and carriers have been working cooperatively to quickly pivot to a new way of doing things in this business. The face-to-face meeting has stopped almost entirely, and has been replaced with on-line meetings, electronic signatures and waived medical examinations. We appreciate the support the DFS has shown to this effort with its various directives encouraging and facilitating such changes. On a recent town hall session with members, however, we heard from numerous agents that the landscape regarding e-signatures was very uneven, meaning that many companies have not yet gotten, or are expecting, regulatory sign off for their e-signature programs. We hope that is not the case, or, if it is, we can help facilitate a discussion to get us to a point where all are using e-signatures with regulatory approval.

The short-and long-term effects of the coronavirus are still to be determined, but our members have some idea of what they will be for them. The short-term business model will be very challenging to navigate, where everything moves from the personal to the impersonal. Regulation 187, already a challenge for the agent as it is being implemented, did not anticipate this wholesale change to the marketing and placing of life insurance; our members, as we have indicated to you previously, are hopeful that there can be at least some relief from the strictures of the regulation for certain products below a designated death benefit value. They are more positive in their long-term perspective, as the lessons of the crisis may well encourage people to learn about, understand and appreciate the value of life insurance, especially whole life, and professional financial planning services.
In all of this, what really keeps life insurance agents and advisers up at night these days? Our survey results, including that pertaining to the fate of the new agent, indicate that agents are right now most concerned with:

- The inevitable recession forcing people to delay the purchase of essential life insurance
- Consumer lack of confidence in financial markets and institutions
- Inability of clients to pay their personal bill, or go out of business or otherwise downsize in a dramatic way
- The ability of the industry, and regulation, to adapt to the burgeoning virtual world, being cemented in place right now with the prolonged requirement to work from home
- Expanded use of robo-advisers and mass-marketeted insurance products

We will see if sentiment changes with the follow-up survey.

We hope these survey results are educational and instructive to you. We would be pleased to discuss these results in greater detail, and do whatever we need to stabilize the insurance market for agent and client alike.

Again, thank you for your service.

Sincerely,

Phillip Held, LACP
President

Gregory V. Serio
Executive Director

cc: My Chi To, Executive Deputy Superintendent for Insurance