

# Update on Developments on E-Commerce Modernization

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# Road to E-Commerce Modernization



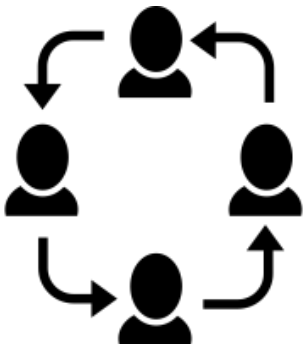
Legislator/ regulator innovation discussions occurred prior to COVID



COVID severely impacted face to face interactions



Pandemic focused additional attention on the outdated e-commerce regulatory framework



Trade associations/members provided suggested "path forward" for e-commerce modernization



NAIC E-Commerce (H) Working Group was established in 2021/2022

# COVID severely impacted face to face interactions

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Insurance regulators offered a number of temporary accommodations:

- waiving wet signature requirements for regulatory filings
- remote notarization
- remote regulatory examinations
- remote, proctored producer examinations,
- virtual TPA audits

Cooperation and coordination between the NAIC and the ACLI (and its members) to rapidly address the challenges presented by COVID 19.

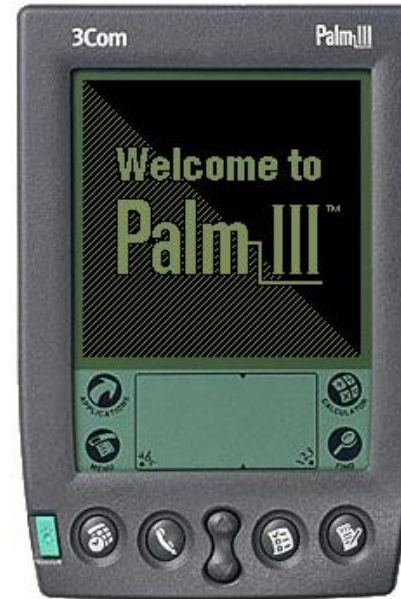
NYC Subway March 21:



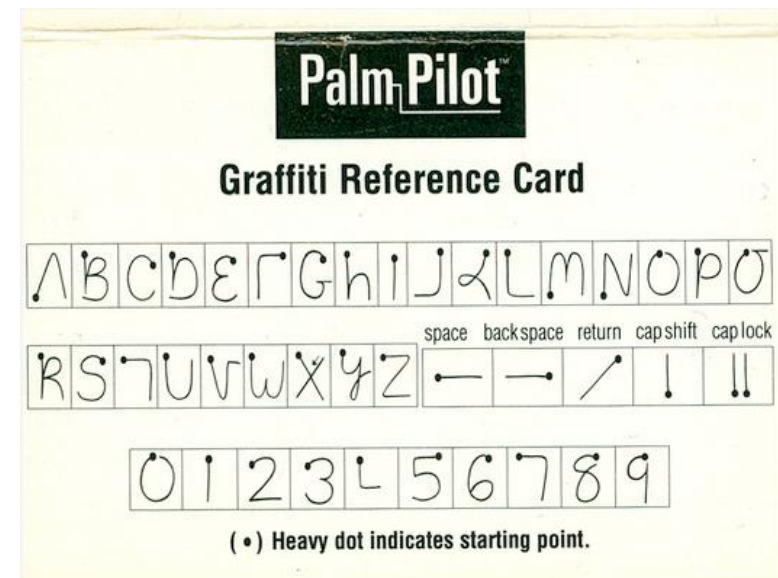
NYC Subway March 22:



# Outdated Frameworks



- In 1999, the year UETA was first published:
  - (1) the average home computer had 4 gigabytes of hard drive capacity and cost almost \$4,000 (adjusted for inflation);
  - (2) shares of BlockBuster stock had not yet reached their zenith share price, a feat accomplished in 2002;
  - (3) the Palm Pilot III was dominating the market.
- By 2019...
  - (1) computers with more 30x that capacity routinely sold for just a few hundred dollars;
  - (2) BlockBuster's corporate-owned stores had been shuttered for 5 years;
  - (3) Palm, Inc. had been defunct for nearly 10 years, replaced by iPhone (first released in 2007).
- UETA
- E-SIGN



**\*\*\*The pandemic has shown that these frameworks are becoming dated and do not provide consistency for electronic use amongst consumers, regulators and industry.\*\*\***



# Consumer Focused Industry Activity

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- As an industry, we are constantly seeking ways to increase consumer access to life insurance and lifetime income products as well as providing high quality customer service to our existing customers for managing their products.
- Consumers increasingly express the desire to conduct business with life insurers electronically, through websites and apps.
- Because consumer demand drives markets, businesses know that they must offer their customers mobile apps if they want to compete.
- Technology innovation not only improves consumer experience, it also spurs competition, innovation, job creation and entrepreneurship.



# Industry/Regulator Education and Modernization Activity

- NCOIL Insurance E-Commerce Model Act
- E-Sign Modernization Act
- Financial services industry engagement with state/federal regulators
- NAIC E-Commerce (H) Working was established to address outdated regulation and consistency issues amongst states
- Industry response to NAIC E-Commerce Business Impact Survey



# Next Steps and How NCOIL Can Assist

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- Increased legislative/regulatory outreach and education on the need to modernize current e-commerce statutes
- Engagement with consumer group representatives to discuss recommended changes to e-commerce statutes
- Possible amendments to NCOIL's Insurance E-Commerce Model Act
- New NCOIL Model?