INSURED RETIREMENT INSTITUTE

Electronically Submitted to omyers@naic.org

March 14, 2024

To: NAIC E-Commerce Working Group (the "Working Group")

Re: Draft Updated Framework

On behalf of our members, the Insured Retirement Institute (IRI)[1] appreciates the opportunity to provide comments on the E-Commerce Modernization Guide (the "Guide") put together by the Working Group. We continue to support the Working Group's efforts to outline the responses received from states, and to capture the feedback from interested parties on the top e-commerce issues facing the industry. As indicated in our letter dated October 6, 2023, however, it is unclear how states will use the Guide for guidance going forward. We urge the Working Group to work towards developing a final work product that will be consistent with the Working Group's adopted charges and would be beneficial for regulators, industry, and consumers.

IRI members continue to recommend that the Working Group draft a Model Bulletin or Guidance to address many of the issues outlined in the Framework. Our members support either a model bulletin or model guidance to give confidence that operating in the modern world is consistent with their regulatory obligations and to support innovation within the industry.[2] We would also like to note that there has been federal legislation introduced to address the Securities and Exchange Commission's promulgation of rules with respect to electronic delivery of certain required disclosures (the "Improving Disclosure for Investors Act of 2024").[3] This legislation is an example of what a robust framework could look like for e-delivery and could be a good point of reference for the Working Group as it considers other work products to develop going forward.

IRI also continues to recommend that the Working Group encourage adoption of NAIC model regulations and commit to working with states to seek uniform standards when it comes to

[1] The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks and marketing organizations. IRI members account for more than 95 percent of annuity assets in the U.S., include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community.

[2] Please see IRI's comment letters dated March 29, 2023, and October 6, 2023, on the initial framework draft for more details.

[3] https://www.congress.gov/bill/118th-congress/house-bill/1807/text

various forms, documents, and other online materials, as noted in the Framework. We'd also request that the Working Group ensure that any Market Conduct Guidelines appropriately indicate that electronic delivery and signatures are sufficient to meet these requirements.

While we do not think the current Guide is sufficient to provide uniform guidance to the states, nor do we think it should be a final work product of the Working Group, we agree that is important to have a summary that captures the current state and outlines the key issues, and we would like to offer up some specific comments on some the information as presented in the Guide:

1) On the topic of **(1) E-Signature – Wet Signatures**, we'd note the following:
    a. If signing electronically was the default option, consumers would still retain the right to sign on paper, if they choose. Additionally, the consumer can read the contract or document on a screen before signing electronically, just as they would if the document was on paper, so we do not think the possibility that consumers would consent to terms and conditions that they aren't aware of would increase if electronic signatures were the default.
    b. As we continue to operate in an increasingly modern world, having e-signature as the default can help encourage positive behaviors, such as allowing employers to enroll more employees in 401(k) plans, for example.

2) On the topic of **(2) E-Notices – Wet Signatures**, we want to strongly echo ACLI's comments on the benefits to e-signatures that don't necessarily exist when it comes to paper documents. Additionally, not only are there benefits, such as audit logs, that exist because of the e-signature process, but there are also consumer protections built into the signing itself, such as the use of controls like multi-factor authentication ("MFA").

3) Also, more generally on the topic of **(2) E-Notices**, we'd note that moving to a future state where electronic delivery is more commonplace reduces occurrences of sending documents to a bad physical address. People often change physical addresses, but it is not as common to change email addresses. Additionally, electronic access to notices allows consumers to maintain access to a central repository of their own information that they can review at any time. Due to controls surrounding access to these notices, like MFA, these documents are more secure, and the risk of unauthorized access is decreased.

In conclusion, we are appreciative of the work done thus far, and we hope the Working Group continues the effort to provide meaningful guidance to help insurers support digital efforts that are now expected by many consumers when interacting with a business. We recognize that these are challenging issues to work through, and we are committed to working with our members and the Working Group to help produce something that provides more concrete guidance.

On behalf of IRI and our members, thank you again for the opportunity to provide these comments. We would be happy to discuss further with you and look forward to continued collaboration and partnership with the Working Group.

Sincerely,

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