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NAIC Standing Committee on Race and Insurance Life Workstream
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Thank you, Commissioner Fowler and Commissioner Humphreys, for your leadership in exploring the role NAIC might play in helping remove barriers to insurance for people with a criminal record and also for inviting me to give some background about this population.

I'm Jo-Ann Wallace, CEO and President of [NLADA Mutual Insurance Co., RRG](#). I became an insurance executive after a career dedicated to supporting the vast network of public defenders and civil legal aid providers and the people who *need* their legal assistance across the country, most recently as immediate past president of the National Legal Aid & Defender Association. Before that I was the Director of the Public Defender Services in Washington DC. So, I've seen firsthand how our justice system works – and sometimes doesn't work – and the importance of giving people a meaningful second chance to integrate back into society.

Too often, people who have paid their debt to society leave jails and prison only to find that they continue to be punished for their past mistakes whether they are seeking employment, housing, education, the right to vote – and sometimes, insurance.

Let's start with the number of people we're talking about.

- The United States is among the countries with the [highest incarceration and criminalization rates](#) – in the *world*.
- [One in three adults](#) in America have a criminal record – *1 in 3*.

That 1 in 3 number includes people who were incarcerated for minor and serious offenses, misdemeanors as well as felonies. Some were convicted but not incarcerated, people who were subsequently found wrongly convicted, and those who were arrested but whose arrest was dismissed. All of these people have a criminal record.

And the racial disparities in this population are well documented:

- [Black people are far more likely than their Hispanic and White counterparts to be in prison](#): the Black imprisonment rate at the end of 2018 was nearly twice the rate among Hispanics and more than five times the rate among Whites. In the

District of Columbia, where I live, [more than 75 percent of Black men can expect to be incarcerated at some point during their lives](#).

- [Latinx individuals are incarcerated in state prisons](#) at a rate that is 1.3 times the incarceration rate of Whites.
- [One in three black men and one in six Latino men born today](#) can expect to be incarcerated in his lifetime, compared to one in 17 White men.

For many of the people we are talking about, when trying to get on with their lives they face obstacles created by the double bind of racial bias and a criminal record.

All of us are more than our worst mistakes. But it's no secret that the negative public perception around individuals with criminal records runs deep and acts as a barrier for many businesses to engage with this community – including the insurance industry.

At the same time, it's heartening there's some appetite to change that, including for example, the business leaders who have created the [Second Chance Business Coalition](#) and organizations like the [Responsible Business Initiative for Justice](#) who are mobilizing businesses to identify solutions and overcome those negative perceptions and myths about this community.

Similarly, the Federal government – thank you Ms. Murphy for being here today – under both Republican and Democratic administrations, and many state, local, and tribal governments are working to help this population succeed and get that elusive second chance.

But even with those government and business champions, much more must be done. That's why it's so gratifying to see NAIC's interest as well.

I'll close by noting that after becoming a mutual company in 2022 we surveyed our members and the client communities they serve with the goal of finding the win-win issues, good for the insurance business AND good for justice – and we found many. Top of our list is the potential for using insurance to incentivize employers to adopt second chance hiring practices. But in the course of those conversations, we *repeatedly* heard about not only obstacles to securing a job, but also to obtaining life insurance.

For the mom or dad seeking financial security for themselves and their families, insurance can make a significant difference. Thank you for considering ways that the NAIC might use its tools to support the 1 in 3 Americans with a criminal record, as well as fair, competitive and healthy insurance markets. Possibilities for consideration could include:

- Develop Model Bulletin for insurance companies, agents, and consumers. There is a great deal of confusion and misunderstanding about information found in a criminal record. This includes difficulty distinguishing among crimes, individual circumstances, and inaccurate, incomplete, and misleading data. Authoritative guidance or model bulletin regarding appropriate and inappropriate use of criminal record information tailored to different audiences and state laws would be a valuable resource.
- Provide information about risk of discrimination lawsuits. Many businesses and regulators are unaware that policies against providing or authorizing insurance to people with a criminal record could put them at risk of discrimination lawsuits. Guidance could include information about federal, state, and local laws involving claims of discrimination.
- Conduct a survey of life insurers. A survey that includes questions about underwriting practices regarding coverage or products, limits and exclusions, as well as rates and premiums, could help all stakeholders better understand the life insurance market available to people with a criminal record. Survey questions could be developed in consultation with NAIC staff, and regulatory and criminal justice experts, including individuals who have themselves been impacted by the criminal justice system.
- Develop training and technical assistance. Develop TTA for insurance commissioners and other stakeholders based on what the NAIC SCORI Life Workstream learns about insurance for people with a criminal record.

NLADA Mutual Insurance Co., A Risk Retention Group is the only insurance provider exclusively dedicated to meeting the distinct needs of America's equal justice community. This year, 2024, marks 30 years of providing excellent professional insurance products at fair prices to legal services organizations, defender agencies, corporate counsel, pro bono programs and others.