

## Responses from Candidates for California Insurance Commissioner

### Candidate

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### Questionnaire Responses

#### 1. Consumer Protection and Policy Transparency

The life insurance marketplace has changed greatly since California's current law on life insurance illustrations was adopted in 1996 (Ins. Code §§ 10509-950-10509.965), particularly with the creation and growth of extremely complex policies such as indexed universal life that are often marketed as tax advantaged investment products. Are you willing to review whether current law adequately protects consumers with respect to transparency and agent obligations to consumers? Do you already have thoughts you can share on this topic?

*Yes. I would be very willing to review whether California's current life insurance illustration laws are keeping pace with the market, especially as products like indexed universal life have become more complex and are increasingly marketed not just as insurance, but as tax-advantaged investment or retirement products. Consumers should be able to understand what they are buying, what is guaranteed, what is projected, what fees or surrender charges may apply, and what risks they are taking on if market assumptions do not materialize. If a product depends on complicated crediting formulas, caps, participation rates, policy loans, or long-term assumptions that are difficult for an average consumer to understand, then the disclosure and agent obligation framework needs to be strong enough to match that complexity. As Commissioner, I would want to look closely at whether current illustration rules are clear, realistic, and consumer-friendly; whether agents are held to appropriate standards when presenting these products; and whether consumers are receiving information that helps them make an informed decision rather than just a sales pitch. I believe innovation in insurance products can be valuable, but it cannot come at the expense of transparency, suitability, or basic consumer protection.*

## **2. Financial Stability of Insurers**

Life insurance companies are increasingly being subjected to “financial engineering” techniques that can save money for their owners (often private equity firms) by reducing the amount of capital that stands behind the policies written by the insurance company. The recent collapse of Phoenix Home Life PHL with a deficit of over \$2 billion is a grave example of how consumers can be harmed by undercapitalized insurers. Are you willing to review steps California can take to protect California consumers from undercapitalized insurers, whether domiciled in California or another state? Do you already have thoughts you can share on this topic?

*Yes. Protecting consumers from undercapitalized insurers is an important role of the Insurance Commissioner. Life insurance is built on a promise that may not come due for decades. That means policyholders need confidence that the company standing behind that promise is financially sound, not just today, but over the long term. I am concerned about the increasing use of complex financial structures, affiliated reinsurance, offshore arrangements, private equity ownership models, and other forms of financial engineering that may obscure the true level of capital supporting policyholder obligations. These issues can be especially difficult for consumers to detect on their own, which is exactly why strong regulatory oversight matters.*

*As Commissioner, I would work with department staff, other state regulators, and national regulatory bodies to review whether California has the tools it needs to identify and respond to these risks. That includes looking at capital adequacy, reserve practices, reinsurance structures, affiliated transactions, investment risk, and the ability of regulators to obtain timely and meaningful information from companies that are not domiciled in California but are selling policies to Californians.*

*The bottom line is simple: policyholders should not be left exposed holding the proverbial bag because an insurer or its owners found a way to shift risk, reduce capital, or make the company look stronger than it really is.*

## **3. Role of the Insurance Commissioner**

How would you approach balancing the competing needs and wants of consumers and insurance companies?

*Consumers need to come first, though part of prioritizing the public involves having a functioning insurance market.*

*Consumers need an Insurance Commissioner who will stand up for them, enforce the law, make sure claims are paid fairly, and ensure that products are sold honestly and transparently. At the same time, consumers are not helped by a market where responsible insurers cannot operate, coverage becomes unavailable, or costs are pushed into less stable alternatives.*

*My approach would be to be firm, fair, and transparent. I would expect insurers to meet their obligations, treat policyholders fairly, and justify their practices with real data. I would also work to make sure the regulatory process is clear, timely, and predictable, so companies that are playing by the rules can continue serving Californians.*

*The Commissioner's job is not to rubber-stamp industry requests, and it is not to ignore market realities. It is to protect consumers while making sure Californians have access to reliable, affordable, and fairly regulated insurance products.*

#### **4. Industry Accountability and Enforcement**

How would you prioritize enforcement actions against insurers that engage in misleading practices or fail to meet obligations to policyholders?

*Enforcement has to be a core function of the Department of Insurance. Rules do not mean much if there are no consequences for companies or agents that mislead consumers, delay or deny valid claims, fail to honor policy obligations, or engage in unfair practices.*

*As Commissioner, I would prioritize enforcement based on consumer harm, repeat conduct, market impact, and whether the practice reflects a broader pattern rather than an isolated mistake. Misleading sales practices, especially involving seniors, families, or complex financial products, deserve serious attention. So do claims practices that leave consumers fighting for benefits they paid for and are entitled to receive.*

*I would also want the Department to use enforcement not only to punish wrongdoing after the fact, but to change behavior across the market. That means clear guidance, public accountability where appropriate, and strong penalties when companies or agents violate the law. Consumers should know the Department is on their side, and insurers should know that compliance is not optional.*

## 5. DOI Transparency

Do you believe that data about the number and kinds of consumer complaints filed with the Department of Insurance ought to be publicly available, provided that confidentiality is maintained with respect to the names of the consumers and insurance companies involved?

*Yes. I believe the public should have access to meaningful information about consumer complaints, provided appropriate confidentiality protections are maintained.*

*Complaint data can help consumers, policymakers, advocates, and the Department itself understand where problems are occurring in the market. It can show patterns by product type, issue area, geography, or company practice. It can also help identify whether certain problems are isolated or systemic.*

*I would support making complaint information more accessible in a way that protects individual consumers and complies with confidentiality requirements. I also believe the Department should present the information in a way that is understandable and useful, not just as raw data. Californians should be able to see where consumers are experiencing problems, what kinds of complaints are being filed, and how the Department is responding.*