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What Does it Mean to be a Consumer Representative?

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In 1994 I was selected as a funded consumer representative to the National Association of Insurance Commissioners (NAIC). This article offers some of the insights I have gained from this experience as well as questions it prompted for which I am still seeking answers.

WHAT IS NAIC?

NAIC is the association of the chief insurance regulators of the 50 states, the District of Columbia, and four territories. It seeks to improve state insurance regulation by facilitating a certain degree of uniformity of regulation among the states. To do this, it drafts and adopts model bills and regulations; there are currently over 200 models. NAIC also designs the annual statement form that insurance companies must file with insurance departments, examines insurance companies, and values the securities held in insurance company portfolios.

NAIC accomplishes its purpose through a rather sophisticated system of task forces, committees, subcommittees, working groups, and technical assistance groups. Each of their two-day quarterly meetings is actually a four- or five-day period in which over 100 different meetings are

held. In these meetings, groups work on specific charges they have identified or that have been assigned to them by their parent group.

WHAT DOES IT MEAN TO REPRESENT CONSUMERS?

In the three years I have served as a funded consumer representative to NAIC, I have followed many issues including those related to life insurance, insurance availability and affordability, credit insurance, extended warranties and service contracts, long-term-care insurance, and state insurance department information and education programs. Occasionally I am the only consumer representative that follows an issue through to the end but more often at least one other attends and participates in NAIC discussions of an issue. My experiences, and especially my contact with other consumer representatives, have forced me to think seriously about my role in representing consumers. The section that follows poses some of the many questions I've asked myself these last three years.

What does it mean to represent consumers? Am I representing all consumers or just some of them? If it is the latter, which ones? As a consumer edu-

cator and especially as a Cooperative Extension Service specialist, I have always viewed myself as representing the interests of all consumers. In contrast, most of the other NAIC consumer representatives are there to speak on behalf of a specific segment of consumers. One works almost exclusively on senior issues and often presents the needs of the seniors in her state (California) as unique. Another represents consumers who have been (or might be) discriminated against by genetic testing. Still another consumer representative champions the cause of middle-class, minority, urban residents.

I've been forced to ask myself whether anyone can really represent the interests of all consumers. I've concluded the answer is usually no. More often, one must identify the population most at-risk in a particular issue and speak on their behalf.

Should consumer representatives publicly air their differences? At a typical NAIC meeting, there are about 400 to 450 regulators, 1000 to 1100 industry representatives, and 12 consumer representatives. With so few to speak on behalf of consumers, can we ever afford to disagree with each other? What happens when the needs of two segments of consumers collide? For example, one regulator group wanted to create consumer education materials in response to insurance availability problems. I wanted those materials to be written so the average consumer could read and understand them and advocated an eighth grade (or below) reading level. A consumer representative who spoke for people of color saw that suggestion as a prejudiced assumption about racial minorities and an affront to her constituencies. Should I have given up on the idea of easy-to-read materials to help make the point that middle-class minority urban residents are often well-educated? My response was to continue to call for attention to

readability but I tried to do it in a way more sensitive to the other consumer representative's view.

What does it mean to "represent" consumers? At the end of the first year of my participation in the program, three of the consumer representatives prepared a report on the issues our group had been following. They titled the report the "Consumer Advocates' Report." I was appalled by the title but at the same time somewhat taken aback by my reaction. Apparently, I didn't want to be a consumer "advocate." I saw myself as an educator, a researcher, but apparently not an advocate. In fairness, Cooperative Extension discourages its employees from advocating for or against political points of view. But I was representing ACCI and it still seemed inappropriate to represent ACCI as a "consumer advocacy organization" as the other consumer representatives had described it. Ultimately, I removed my name from the report. The range of differences among our group was even more apparent when I found that several of the consumer representatives were surprised to learn that the title of the program we were participating in was the Consumer "Representatives" Program, not the Consumer "Advocates" Program.

In reality, much of what NAIC consumer representatives do to represent consumers is to educate regulators. Often regulators are struggling like the rest of us to keep up with the ever-changing marketplace, and industry is usually far more available than consumer groups to share information. If regulators learn about issues only by listening to the industry, their knowledge is unquestionably biased.

To be a consumer representative, must we make friends (and enemies) and if so, with whom? Issues at NAIC are discussed in meetings of the regulators. It's their meeting; the rest of us

are observers. The regulators decide who speaks; they are the only ones who vote. It's been my position, however naive, that regulators and consumer representatives are on the same side—they both champion the cause of consumers. My conversations with other consumer representatives have forced me to rethink that point of view. Regulators frequently work for the insurance industry before or after their stint in state government (see "How Insurers Stack the Deck" in the August 1996 issue of *Money* for more on this). This revolving door between government and industry must bias their point of view. One consumer representative believes strongly in keeping a hands-off relationship with regulators. Her perspective is that if she comes to see regulators as her allies she may be less likely to challenge their positions. I've learned to proceed cautiously, assessing which regulators are more likely to be supportive on the specific issues I'm following.

My experiences have taught me that the lines separating government, industry, and consumers aren't nearly as clearly drawn as I thought. On some issues, industry's position is clearly one in opposition to that of any consumer group, but in other cases, industry's position aligns with consumers. I've found that some communication with industry representatives is not only possible but actually beneficial even with industry representatives who hold opposing views. For example, the insurance industry has stood firmly on the point that they have incontrovertible proof that one's credit history is a valid underwriting factor for property and casualty insurance. They see no compromise position on that issue. Yet when I worked closely with a trade association to write a consumer disclosure statement on creditor-placed insurance (the insurance lenders buy to protect themselves, at the consumer's

expense, lest the consumer's insurance coverage lapses or is canceled), we both wanted consumers to know what they were buying. Should I have pushed regulators to make it more difficult for the industry to sell this product? Should I have taken that position even if it meant that I lost and the consumer disclosure statement was unreadable because I refused to work on it? I don't know.

If you know what you want, how do you get it? I've saved this question for last because it's one for which I still don't have a satisfactory answer. Should consumer representatives push for everything consumers could ever hope for, knowing we won't get it but hoping for a little progress? Or does that make us seem to be wild-eyed radicals whose positions are too extreme to be considered? If we assess what's realistic (what industry won't strongly oppose and regulators are likely to support), are we being lazy? If we agree with industry, are we doing our jobs? I don't know.

My experience representing consumers at NAIC and in other similar opportunities has been invaluable in not only clarifying my own views but also opening my eyes to the positions of others. I recommend that others consider taking advantage of similar opportunities.