



# Legislative & Regulatory Report

NATIONAL ALLIANCE OF LIFE COMPANIES *An Association of Life and Health Insurance Companies*

October 30, 2009

## Table of Contents

Alabama .....	1
Arkansas .....	1
California .....	2
Colorado .....	3
District of Columbia .....	3
Indiana .....	4
Maine .....	5
New Jersey .....	5
Rhode Island .....	6
South Dakota .....	6
Texas .....	7
Utah .....	7
West Virginia .....	8
Washington .....	10
Wisconsin .....	10

*The news in this publication, including links to background and supplemental information on state websites, is available on the NALC members website at <http://members.nalc.net>.*

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## Alabama

### *Notice of Regulation Hearing*

Notice is hereby given that a hearing will be held at 10:00 AM on Tuesday, December 15, 2009, at the offices of the Alabama Department of Insurance, 201 Monroe Street, Suite 1700, Montgomery, Alabama, as follows:

- Revision of Section 19 of Regulation No. 71 [Rule 482-1-071-.19], which sets forth the requirements for approval of Medicare supplement advertisements and marketing material. Under the revisions, approval of marketing material will only be granted if, in the judgment of the Commissioner, the material complies with the requirements of state statutes and regulations. The revision establishes deadlines for filing of Medicare supplement marketing material in use in the state. (2 pages)
- Revision of Section 20 of Regulation No. 71 [Rule 482-1-071-.20], which sets forth clarification regarding standards for marketing and marketing practices. Revisions include the establishment of marketing procedures that are not false or deceptive and have received prior approval of the Commissioner. Revisions also include criteria for direct or indirect marketing practices. (3 pages)
- Revision of Section 7 of Regulations No. 146 [Rule 482-1-146-.07], which revises the composition of the Department's Review Committee for Criminal History Disclosure Forms, Felony Convictions and 18 U.S.C. § 1033 written consent. (4 pages)
- Adoption of new proposed Regulation No. 149 [Chapter 482-1-149], which sets forth requirements for the filing of loss reserve actuarial opinions, actuarial opinion summary and actuarial report and workpapers by property and casualty insurers. (8 pages)

Any person wishing to submit testimony at said hearing is requested to submit said testimony in writing to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351. Any written submission of testimony prior to the hearing will not preclude anyone from making an oral or written presentation at the hearing.

A copy of the regulations may be obtained at no charge via electronic mail. You may send an e-mail request to [Brenda.Camp@insurance.alabama.gov](mailto:Brenda.Camp@insurance.alabama.gov). For additional information, contact Contact: Elizabeth Bookwalter, Associate Counsel: [Elizabeth.Bookwalter@insurance.alabama.gov](mailto:Elizabeth.Bookwalter@insurance.alabama.gov).

This notice is available at <http://www.aldoi.gov/currentnewsitem.aspx?ID=749>.

## Arkansas

### *Bulletin 14-2009*

#### **Sales or Investment Advice Related to Securities Products by Insurance Producers**

The Arkansas Insurance Department and the Arkansas Securities Department are joining together to make this notice public to all insurance producers/agents. The recommendation to replace securities such as mutual funds, stocks, bonds and various other investment vehicles defined as securities under the Arkansas Securities Act is the offering of investment advice. It is unlawful to offer investment advice unless one is registered (licensed) with the Arkansas Securities Department as an investment adviser or investment adviser representative. You should not rely on any contract or application that may represent that an investment product may be replaced without the appropriate securities registration.

Pursuant to Ark. Code Ann. §§ 23-64-216(a)(1) and 23-64-512(a)(8), the Insurance Commissioner intends to take action against insurance producers who improperly engage in transactions involving securities. Legislation passed in 2009 gives the Insurance Commissioner additional authority to issue an order to cease and desist the activity prior to a hearing being held as related to these matters. The Commissioner may also issue an Emergency Suspension Order and/or a Revocation Order on the producer's license subject to the activity. Fines may be assessed against the producer up to \$5,000 per violation.

The Arkansas Securities Act grants the Securities Commissioner the authority to take action, including the issuance of a cease and desist order and injunctive relief through the courts, including ancillary relief such as accountings, receivership, disgorgement and civil fines up to the amount of money received. In accordance with legislation passed in the last legislative session, the Securities Commissioner will be able to levy fines in addition to issuing cease and desist orders. In the normal case, fines are limited to \$10,000 per violation or an amount equal to the total amount of money received in connection with each violation. In the case of a violation involving a senior citizen sixty-five years old or older, the fine can be as much as \$20,000 per violation or twice the amount of money received per violation.

This bulletin is intended to notify you of some potential pitfalls that could subject you to civil litigation by investors and action by the Insurance Commissioner and Securities Commissioner, including criminal prosecution. Please protect yourself and your clients.

The bulletin can be found at <http://www.insurance.arkansas.gov/Legal%20Dataservices/Bulletins/14-2009.doc>.

## California

### *Bulletin 2009-6: Life and Annuity Protection Fund*

The purpose of the Bulletin is to inform affected licensees and interested members of the public of the extension of the operation of the Life and Annuity Consumer Protection Fund. AB 2316 (Chapter 835, Statutes of 2004) added Section 10127.17 of the Insurance Code, relating to insurance and created the Life and Annuity Consumer Protection Fund.

AB 76 (Chapter 75, Statutes 2009) amends Section 1012.17 of the Insurance Code, relating to life insurance and annuity products and extends the operation of the Life and Annuity Consumer Protection Fund to January 1, 2015. This bill also requires the Insurance Commissioner to annually publish on its Internet Web site a report detailing certain specified aspects of protections for the consumers of insurance products.

The requirement for each admitted life insurer to maintain and report data on each new individual life insurance policy/annuity product that it issues to a California resident with an initial and/or intended face value of \$15,000 or more remains. Self-assessments are to continue to be submitted semi-annually (by January 10<sup>th</sup> and July 10<sup>th</sup>) via the California Department of Insurance Internet Life & Annuity Data Collection Application – ILAD.

Questions regarding this Bulletin may be directed to:

Rachelle Gunther, Life & Annuity Consumer Protection Program Analyst  
California Department of Insurance  
45 Fremont Street, 21<sup>st</sup> Floor  
San Francisco, CA 94105  
(415) 538-4359, [GuntherR@insurance.ca.gov](mailto:GuntherR@insurance.ca.gov)

The Bulletin is available at <http://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/index.cfm>.

## Colorado

### *Notice of Rule-Making*

Notice is hereby given that a public rule making hearing will be held before the Colorado Commissioner of Insurance on November 4, 2009, at 2:00 p.m. The hearing will take place at the Colorado Division of Insurance, 1560 Broadway, Suite 850, RM B, Denver, Colorado, 80202. The following proposals will be discussed:

- [3-1-4](#) Concerning Annual Audited Financial Reports
- [4-1-3](#) Variable Life Insurance Policies
- [4-2-11](#) Rate Filing Submissions for Health Insurance
- [4-2-31](#) Annual Health Reporting and Data Retention Requirements
- [4-3-1](#) Minimum Standards for Medicare Supplement Policies

A written comment period will be permitted for three business days after the public hearing. Please send all comments, questions, and requests for information to the Division via email to [DOIRulesAndRecords@dora.state.co.us](mailto:DOIRulesAndRecords@dora.state.co.us). Please reference the proposed or amended regulation in the subject line.

The notice is available at <http://www.dora.state.co.us/insurance/regs/noh.htm>, and includes links to the text of the proposed rules.

## District of Columbia

### *Bulletin 09-IB-05-10/08*

#### **Prohibition of Consideration of Domestic Violence in Life and Health Insurance**

This Bulletin is issued to provide guidance to all licensed life and health insurers, health maintenance organization, and hospital and medical service corporations regarding the use of information concerning domestic violence or abuse in life and health insurance.

D.C. Official Code §31-2231.11(a) and (b) prohibit unfair discrimination in life and health insurance. This bulletin provides the position of the Department of Insurance Securities and Banking (“Department”) regarding the use of the information concerning domestic violence in life and health insurance pursuant to D.C. Official Code §31-2231.11(a) and (b).

It is the position of the Department that if an individual is a victim of domestic violence or subject to abuse, an insurer, health maintenance organization, or hospital and medical services corporation may not use information about abuse or the individual’s status as a victim of domestic violence to:

- Cancel, refuse to underwrite or renew, or refuse to issue a policy of life insurance or health insurance or a health benefits plan;
- Refuse to pay a claim, cancel, or otherwise terminate a policy of life insurance or health insurance or a health benefits plan;
- Increase rates for life insurance, health insurance, or a health benefits plan; or
- For policies of life insurance or health benefits plans, add a surcharge, apply a rating factor, or use any other underwriting practice that adversely takes the information into account.

For purposes of this Bulletin, a victim of domestic violence means an individual who:

- Has received deliberate, severe, and demonstrable physical injury from a current or former spouse, current or former cohabitant, current or former intimate partner, or a person with who the person shares a common child; or
- Is in fear of imminent deliberate, severe, and demonstrable physical injury from a current or former spouse, current or former cohabitant, current or former intimate partner, or a person with who the person shares a common child.

If you have any questions about this Bulletin, please contact Philip Barlow, Associate Commissioner for Insurance, at (202) 442-7823 or [Philip.barlow@dc.gov](mailto:Philip.barlow@dc.gov).

The bulletin is available at [http://disr.dc.gov/disr/frames.asp?doc=/disr/lib/disr/pdf/bulletin\\_09-ib-05-10-08.pdf](http://disr.dc.gov/disr/frames.asp?doc=/disr/lib/disr/pdf/bulletin_09-ib-05-10-08.pdf).

## Indiana

### *Bulletin 173 - Credit Life and Accident and Health Rates*

This Bulletin is directed to all insurers engaged in business of selling credit insurance in the state of Indiana. Pursuant to 760 IAC 1-5.1-9, the Commissioner will, on a triennial basis, review the loss ratio standards and the prima facie rates contained in Rule 5.1. In the review of the loss ratio standards, the Commissioner shall:

- Determine the rate of expected claims on a statewide basis;
- Compare such rate of expected claims with the rate of actual claims for the preceding three (3) years determined from the incurred claims and earned premiums at prima facie rates reported in the annual statement supplement or other available source; and
- Publish in the Indiana Register the adjusted actual statewide prima facie rates to be used by insurers during the next triennium.

The rates will reflect the difference between actual claims based on experience and expected claims based on the loss ratio standards set forth in 760 IAC 1-5.1-4 applied to the prima facie rates set forth in 760 IAC 1-5.1-6 and 760 IAC 1-5.1-7. If the Commissioner determines, at the conclusion of the triennial review, that the rate adjustment is de minimis then the statewide prima facie rate will not be changed. The Commissioner will publish a statement that the rate will not change and the results of the rate review.

In regard to discount rates, the Commissioner shall, on a triennial basis, review the discount rates for interest included in the formulae in 760 IAC 1-5.1-6 and 760 IAC 1-5.1-7. There shall be an adjustment to those discount rates to equal the average of the rates being paid at that time on three (3) year United States Treasury notes as reported in the Wall Street Journal on the last day of sale in the most recent three (3) calendar years. The Commissioner shall publish the revised discount rates in the Indiana Register. If the Commissioner determines, at the conclusion of the triennial review, that the rate adjustment is de minimis then the discount rate will not be changed.

The applicable provision of 760 IAC 1-5.1 were effective January 1, 2003 and rates were reviewed in 2006 (see Bulletin 144). As of December 31, 2008, three new years of experience became available. The Department's triennial review is included with the bulletin.

The entire bulletin is available at <http://www.in.gov/idoi/2763.htm>.

## Maine

### *Notice of Rulemaking -Rule Chapter 235, Annual Audited Financial Statements*

Notice is hereby given that the Superintendent of Insurance will hold a public hearing on November 23, 2009 at 9:30 a.m. in the Kennebec Room of the Department of Professional and Financial Regulation building, 76 Northern Avenue, Gardiner, Maine to receive comments concerning amendments to Rule Chapter 235, Annual Audited Financial Statements.

The purpose of the proposed amendments is to incorporate changes to the current rule to reflect amendments to the NAIC Annual Financial Reporting Model Regulation. Among other changes, the Rule strengthens auditor independence and corporate responsibility standards for internal controls for audit-related matters. It also adjusts standards of the existing Rule for consistency with the federal Sarbanes-Oxley Act.

All interested persons are invited to testify at the hearing or to submit written comments. Written comments must be received no later than December 3, 2009 at 5:00 p.m. and should be addressed to Pat Galouch, Maine Bureau of Insurance, 34 State House Station, Augusta, Maine 04333; e-mail [Pat.Galouch@maine.gov](mailto:Pat.Galouch@maine.gov).

The notice and rule are available at [http://www.maine.gov/pfr/insurance/rules/235\\_notice\\_of\\_rulemaking.htm](http://www.maine.gov/pfr/insurance/rules/235_notice_of_rulemaking.htm).

## New Jersey

### *Proposed Amendments: Life/Health Annuity Forms (PRN 2009-292)*

The Department is proposing amendments as part of its effort to enhance its speed to market initiatives as well as continue to provide service to the public with fewer staff. The Department's amendments mandate the use of the SERFF (System for Electronic Rate and Form Filing) for all Life/Health/Annuity lines of insurance. Some of the advantages of SERFF are:

- Save on time and expense of handling paper filings;
- Eliminate the need to store older filings offsite;
- Quicker and more effective communications with companies on the status of a filing review;
- Eliminate the delays and misdirection that result from the manual processing of mail; and
- Eliminate postage expenses incurred by filers on non-SERFF filings.

The entire notice is available at <http://www.state.nj.us/dobi/lrnurulz.htm>.

Submit comments by November 20, 2009 to:

Robert Melillo, Chief  
Legislative and Regulatory Affairs  
Department of Banking and Insurance  
20 West State Street  
PO Box 325  
Trenton, NJ 08625-0325  
Fax: 609-292-0896  
E-mail: [legsregs@dobi.state.nj.us](mailto:legsregs@dobi.state.nj.us)

## Rhode Island

### *Bulletin 2009-7: Attachments Warehouse*

The purpose of this bulletin is to advise all insurance companies and insurance producers, insurance adjusters, title insurance producers, surplus lines brokers and motor vehicle damage appraisers (“licensees”) transacting business in Rhode Island that the Rhode Island Division of Insurance will immediately begin to accept documents and notices submitted on behalf of insurance producers through the NAIC/NIPR Attachments Warehouse, which will allow for the electronic filing of licensing related documents.

**Attachments Warehouse:** The Attachments Warehouse is a secure regulatory database which electronically receives, stores, and shares licensing documents with the States that are submitted with respect to applications and/or renewals of licenses through the National Insurance Producer Registry (NIPR), a non-profit affiliate of the National Association of Insurance Commissioners (NAIC). If additional information in the form of documentation is required by the Rhode Island Division of Insurance with respect to an individual licensing transaction, this documentation may be submitted via the Attachments Warehouse.

**Notification and Reporting of Actions:** The Attachments Warehouse may be used to allow licensees to satisfy their regulatory requirements for the notification and reporting of administrative and criminal actions to the Insurance Division pursuant to R.I. Gen. Laws § 27-2.4-18 and Insurance Regulations 42 and 43. Licensees may send the required notification and documents to the Attachments Warehouse electronically in lieu of faxing or mailing to the Rhode Island Division of Insurance.

Rhode Island is now accepting the electronic notification and reporting of actions submitted electronically to the Attachments Warehouse and will recognize that the reporting of the action to the Warehouse, the subsequent e-mail alert to the Rhode Island Division of Insurance, and the state’s ability to retrieve, review and download that attachment shall satisfy the statutory requirements of the licensee to notify and report the action to the R.I. Gen. Laws § 27-2.4-18 and Insurance Regulations 42 and 43.

This bulletin shall take immediate effect. For further information regarding the use of the Attachments Warehouse, please contact Rhode Island Division of Insurance, Licensing Division at (401) 462 9520 or [inslic@dbr.state.ri.us](mailto:inslic@dbr.state.ri.us) or visit the NIPR website at [www.nipr.com](http://www.nipr.com).

This bulletin is available at <http://www.dbr.state.ri.us/news/>. Many other states participating in the NIPR have issued an identical bulletin.

## South Dakota

### *Notice of Public Hearing to Adopt Rules*

A public hearing will be held in the Main Floor Conference Room, Anderson Building, Pierre, South Dakota, on November 12, 2009 at 1:30 p.m., to consider the adoption and amendment of proposed rules to Chapter 20:06:29. The effect of the rule is to delete life insurance from the provisions of the rules relating to cancellation and earned/unearned premium requirements. The reason for adopting the rules is to make the cancellation provisions of the rules consistent with how life insurance works and consistent with other statutory provisions .

The rule is available at <http://www.state.sd.us/drr2/reg/insurance/Legal/documents/200629.pdf>. Send comments to [Melissa.Klemann@state.sd.us](mailto:Melissa.Klemann@state.sd.us)

## Texas

### *Bulletin #B-0043-09*

#### **HB 3221: Automatic Withdrawal of Funds from a Person's Account**

The purpose of this bulletin is to notify insurers of the requirements of HB 3221, amending Section 550.002 of the Insurance Code relating to the required notification before automatic premium payments may be increased. The Department has received several inquiries relating to the implementation of HB 3221. Section 550.002, as amended, applies to insurers that collect insurance premiums through the automatic withdrawal of funds from their insureds' specified accounts. Section 550.002 requires these insurers to provide notice to their insureds of an increase in the automatic withdrawal amount and a means for objecting to the increased withdrawal prior to the funds being withdrawn. Insurers should review their business practices to ensure that they are in compliance with the laws described in this bulletin.

If you have any questions regarding this bulletin, contact Leslie Hurley, Manager, Personal Lines Division, Property & Casualty Program at (512) 322-2266 or Doug Danzeiser, Deputy Commissioner, Life, Health & Licensing Program at (512) 475-1964.

The bulletin includes a summary of the provisions and applicability of the statute, along with specific directions for timing and mailings. The bulletin is available at <http://www.tdi.state.tx.us/bulletins/index.html>.

## Utah

### *Proposed Rules*

The following rules are open for comment until November 19, 2009. Please direct your comments to J. Whitby by email: [jwhitby@utah.gov](mailto:jwhitby@utah.gov); FAX 801-538-3829; or mail: State Office Building, Room 3110, Salt Lake City, UT 84114. The rules are available at <http://www.insurance.utah.gov/legalresources/rules.html>.

#### **R590-79: Life Insurance Disclosure**

The purpose of this rule is to require insurers to deliver to purchasers of life insurance, information which will improve the purchaser's ability to select a plan of life insurance most appropriate for the purchaser's needs and improve the purchaser's understanding of the basic features of the policy being purchased or under consideration for purchase.

This rule does not prohibit the use of additional material which is not in violation of this rule or any other statute or rule. Except as hereinafter exempted, this rule shall apply to any solicitation, negotiation or procurement of life insurance occurring within this state. This rule shall apply to any issuer of life insurance contracts including fraternal benefit societies.

#### **R590-177: Life Insurance Illustrations Rule**

The purpose of this rule is to provide rules for life insurance policy illustrations that will protect consumers and foster consumer education. The rule provides illustration formats, prescribes standards to be followed when illustrations are used, and specifies the disclosures that are required in connection with illustrations.

The goals of this rule are to ensure that illustrations do not mislead purchasers of life insurance and to make illustrations more understandable. Insurers will, as far as possible, eliminate the use of footnotes and caveats and define terms used in the illustration in language that would be understood by a typical person within the segment of the public to which the illustration is directed.

## West Virginia

### *Informational Letter # 172 -- Record Retention Requirement*

This Informational Letter is intended to remind insurers of their obligation to properly document claim files to ensure that the Offices of the Insurance Commissioner (“OIC”) can conduct a complete and thorough review of the subject claim by permitting the OIC to fully assess the subject insurer’s claim adjusting or processing methods. 114 CSR 15 provides, in relevant part:

For the purpose of examination, analysis and review activities conducted pursuant to W. Va. Code § 33-2-9 or this rule, an insurer or related entity licensed to do business in this state shall maintain its books, records and documents in a manner so that the commissioner can readily ascertain during an examination the insurer’s compliance with the insurance laws and rules of this state, the standards outlined in the NAIC Financial Conditions Examiner Handbook, and with the standards outlined in the NAIC Market Regulation Handbook, including, but not limited to, company operations and management, policyholder service, marketing, producer licensing, underwriting, rating, complaint/grievance handling, and claims practices.

The entire document is available at <http://www.wvinsurance.gov/Default.aspx?tabid=211>.

### *Informational Letter # 169 - Summary of 2009 Legislation*

This Informational Letter summarizes significant insurance legislation enacted during the 2009 Regular Session of the West Virginia Legislature. It does not necessarily include all legislation that may affect the insurance industry or insurance consumers and is only intended to highlight the major points in the more important bills. The explanations contained herein should in no way be construed as being indicative of the Insurance Commissioner’s views on or interpretation of the legislation.

The document is available at <http://www.wvinsurance.gov/Default.aspx?tabid=211>. The bills are available on the Legislature’s website at [www.legis.state.wv.us](http://www.legis.state.wv.us). The rules can be found on the Insurance Commissioner’s website at [www.wvinsurance.gov](http://www.wvinsurance.gov) or the Secretary of State’s website at [www.wvsos.com](http://www.wvsos.com).

### **Bills**

#### **Senate Bill 284 - Relating to Viatical Settlements**

This bill amends the Viatical Settlements Act that was initially enacted in 2008. The first change allows applicants for a broker’s license to demonstrate evidence of financial responsibility through an errors and omissions policy in the sum of not less than \$100,000 per occurrence and \$300,000 in the aggregate for all occurrences within one year; the 2008 statute required an applicant to provide a surety bond in the amount of \$250,000. The second change corrects a drafting error in the criminal provisions of the Act in which only a viator (policyholder) could be convicted of a fraudulent viatical settlement act; the bill expands the scope of the criminal provisions to any “person convicted of a fraudulent viatical settlement act.”

#### **Senate Bill 322 - Exempting certain life insurance policies from Medicaid assignment**

Submission of an application to the state Department of Health and Human Resources (“DHHR”) for medical assistance constitutes an assignment of the right of the applicant to recover from personal insurance or other sources to the extent of the cost of medical services paid by the Medicaid program. The bill exempts life insurance policies with a death benefit of \$25,000 or less from this assignment.

#### **Senate Bill 495 - Authorizing Insurance Commissioner to permit certain group life insurance policies**

This bill, which is based on an NAIC model act, amends the article on group life insurance that limited the types of groups eligible for group life policies to labor union groups, employee groups, credit union groups, trustee

groups and debtor groups. This amendment gives the Commissioner discretion to authorize group policies to be marketed to any other group if she finds that it would be in the public's best interest to do so.

#### **House Bill 3278 - Relating to the life and health insurance guaranty association**

The bill updates the Life and Health Guaranty Fund Association Act by adopting recent amendments to the NAIC model. These changes include the inclusion of unallocated annuity contracts and structured settlement contracts; addresses how payments to residents and nonresidents are determined; sets new limits on coverage for various types of policies and contracts; eliminates the Association's authority to make loans to insolvent insurers; increases the permissible maximum annual pro rata assessment and establishes a process for the protest of assessments; mandates that members comply with requests for information from the association; requires that the plan of operation include provisions for removing a director for cause; addresses conflicts-of-interest issues; and increases the length of the stay of court proceedings involving an insolvent insurer.

### **Legislative Rules**

#### **114 CSR 41 - Actuarial Opinion and Memorandum Rule (amended rule effective May 14, 2009)**

The amendments to this rule, which mirror the changes in 2001 by the NAIC to its actuarial opinions model, are needed to maintain the NAIC accreditation that permits West Virginia's financial examinations to be accepted in other accredited states. WVIL 169 Page 9 of 9

#### **114 CSR 42 - Continuing Education for Individual Insurance Producers**

In 2008, the Legislature enacted H.B. 4557 to permit up to two hours of continuing education ("CE") credit every biennium for active membership in an organization or association recognized and approved by the Commissioner as a state, regional or national professional insurance organization or association. The bill also permitted the carryover of up to six CE credit hours to the following biennium. This rule implements these statutory changes and also establishes standards by which the Commissioner assesses whether applicant organizations qualify for membership credit.

#### **114 CSR 80 - Viatical Settlements**

This new rule, which regulates providers and brokers involved in the life settlement ("viatical") industry, is largely based on a model regulation adopted by the NAIC in 2004. The rule addresses licensing requirements, standards for reasonable payments to terminally or chronically ill insureds, annual reporting requirements and payment of settlements.

#### **114 CSR 86 - Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values**

Actuarial research has determined that the 2001 CSO Mortality Table, currently recognized as the prevailing table for the purposes of calculating reserves and nonforfeiture values both on a statutory basis and on a tax basis, produced inadequate reserves for policies issued in support of a prearrangement agreement to provide goods and services at the time of an insured's death. This rule requires the use of the 1980 Commissioners Standard Ordinary (CSO) Life Valuation Mortality Table for use in determining the minimum standard of valuation of reserves and the minimum standard nonforfeiture values for preneed insurance products issued after January 1, 2012; prior to that date, the 2001 CSO table may be used if certification of adequate reserves is filed.

## Washington

### *Proposed Rule: Standards for Determining Insurer's Financial Condition (R 2009-06)*

The purpose of this regulation is to set forth the standards which the commissioner will use to identify insurers in such condition as to render the continuance of their business hazardous to their policyholders, creditors or to the general public

Accreditation standards require that a state's laws contain the NAIC's "Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition" or a substantially similar provision. This provision authorizes the Commissioner to order a company that may be in hazardous condition to take necessary corrective action, provide additional reporting, or cease certain practices. The NAIC has recently amended the Model.

These proposed rules are to amend the existing regulatory standards to bring them in line with the NAIC Model. The rules will ensure that the Insurance Commissioner continues to meet accreditation standards.

The commissioner will hold a rule hearing on November 12, 2009, at 10:00 a.m., in room TR 120, 5000 Capitol Blvd. Tumwater, Washington. The deadline for comments is November 10. The notice and rule are available at [http://www.insurance.wa.gov/laws\\_regs/rules\\_pending.shtml](http://www.insurance.wa.gov/laws_regs/rules_pending.shtml). To comment on this rule, fill out the form at [http://www.insurance.wa.gov/laws\\_regs/commentform.shtml](http://www.insurance.wa.gov/laws_regs/commentform.shtml). For more information contact Kacy Scott at [KacyS@oic.wa.gov](mailto:KacyS@oic.wa.gov).

## Wisconsin

### *Replacement of Life Insurance or Annuity Contracts; Disclosure Requirements (Bulletin)*

The purpose of this memorandum is to summarize the repeal and recreation of s. Ins 2.07, Wis. Adm. Code, which became effective on July 1, 2009, and applies to life insurance and annuity solicitations beginning on November 1, 2009. The amended rule establishes minimum standards of conduct to be observed by insurers and producers in life insurance and annuity replacement or financed purchase transactions to ensure disclosure of material information to purchasers and to reduce opportunities for misrepresentation and unfair business practices. The rule expands and clarifies the information that must be communicated by a producer to a purchaser at the time an application is completed and provides disclosure notice formats to ensure uniformity. The rule is based upon a model regulation adopted and recommended by the National Association of Insurance Commissioners (NAIC).

You should carefully review the amended replacement rule and this memorandum to understand how the changes apply to your company. It is each insurer's responsibility to ensure that its free-look notices, replacement notices, and related procedures are in compliance with the new regulation.

This entire bulletin is available at <http://oci.wi.gov/bulletin.htm>.