NATIONAL ALLIANCE OF LIFE COMPANIES

Legislative & Regulatory Report

An Association of Life and Health Insurance Companies

January 31, 2010

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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 Thursday, February 4, 2010, at the offices of the Alabama Department of Insurance, 201 Monroe Street, Suite 1700, Montgomery, Alabama, as follows:

- Adoption of new proposed Regulation No. 150 [Chapter 482-1-150], which allows the Commissioner to recognize approvals by Interstate Insurance Product Regulation Commission of insurance products and advertisements. (9 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. For additional information, contact Elizabeth Bookwalter, Associate Counsel: Elizabeth.Bookwalter@insurance.alabama.gov.

This notice is available at http://www.aldoi.gov/currentnewsitem.aspx?ID=756.

Connecticut

Notice of Intent to Amend Regulations

The Connecticut Insurance Commissioner has issued the notices of intent to amend regulations. The notices are available at http://www.ct.gov/cid/cwp/view.asp?a=2479&q=254494, and include the proposed text of the rules.

Recognition of Preferred Mortality Tables

Notice is hereby given that the Insurance Commissioner, pursuant to the authority of section 38a-78 of the Connecticut General Statutes, proposes to amend a regulation concerning recognition of preferred mortality tables for use in Connecticut by life insurers. The purpose is to allow the 2001 CSO Preferred Class Mortality Table to be used with contracts based on the 2001 CSO Mortality Table and issued prior to January 1, 2007.

All interested persons are invited to submit written data, views, or arguments in connection with the proposed action by February 12, 2010, to the State of Connecticut, Insurance Department, Attention: Jon E. Arsenault, Esq., P.O. Box 816, Hartford, CT 06142-0816.

Senior-Specific Certifications and Professional Designations

Notice is hereby given that the Insurance Commissioner, pursuant to the authority granted to him by Public Act 09-174, proposes to amend regulations pertaining to use of senior-specific certifications and professional designations in the sale of life insurance and annuities.

The purpose of this regulation is to set forth standards to protect consumers from misleading and fraudulent marketing practices with respect to the use of senior-specific certifications and professional designations in the solicitation, sale or purchase of, or advice made in connection with, a life insurance or annuity product.

Comments for the Department's consideration may be submitted, in writing, within thirty days following the publication of this notice in the Connecticut Law Journal, to the State of Connecticut Insurance Department, Attention: Anthony Caporale, Counsel, P.O. Box 816, Hartford, CT 06142-0816.

Maine

Bulletin 370: Implementation of Life Insurance Policyholder Notice Requirement

P.L. 2009, Chapter 376, "An Act To Provide Consumer Disclosures and Protect Consumer Options in Life Insurance," took effective September 12, 2009. Among other provisions, this new law directs the Superintendent to develop an informational brochure to apprise consumers of their rights as owners of life insurance policies, and make the brochure available at no cost to all insurance companies and life insurance producers.

Life insurers will be required to send copies of this brochure to all policyholders who have requested policy surrender or accelerated death benefits, or who have been notified that their policies may lapse, if the policyholder is aged 60 or older or is known to be terminally or chronically ill.

The purpose of this Bulletin is to clarify the timing of the notice requirement. The requirement to develop an informational brochure is based on a similar requirement in a Washington law. In order to promote regulatory consistency and administrative efficiency, the Bureau intends to make the Maine informational brochure consistent, to the extent appropriate, with the publication currently under development in Washington. Insurers must begin providing copies of the informational brochure to the specified policyholders one month after the Bureau of Insurance publishes the brochure. Further notice will be provided when the brochure is finalized.

This bulletin is available at http://www.maine.gov/pfr/insurance/bulletins/index_by_number.shtml.

Massachusetts

Hearing on Proposed Regulation

The Massachusetts Division of Insurance will hold a hearing on February 17, 2010, at 10:00 a.m. to consider proposed amendments to 211 CMR 130.00 - Credit for Reinsurance (Docket No. G2010-01). The hearing will be held at the Division of Insurance, 1 South Station, Boston, Massachusetts, 02110-2208. Persons wishing to submit written comments may do so until the record of the hearing is closed. All submissions must be sent to the Docket Clerk, Hearings and Appeals, Division of Insurance, One South Station, Boston, MA 02110-2208 and must refer to the docket number for the particular proposal.

The notice is available at:
http://www.mass.gov/?pageID=ocasubtopic&L=6&L0=Home&L1=Business&L2=Insurance&L3=Division+of+Insurance+Regulatory+Information&L4=DOI+Public+Hearings&L5=2010+DOI+Public+Hearings&sid=Eoca

Credit for reinsurance permits a ceding insurance company under statutory accounting and regulatory provisions to treat amounts due from reinsurers as assets or reductions from liability based on the status of the reinsurer. The proposed amendment to 211 CMR 130.00 brings the regulation into conformity with an amendment to its enabling legislation by removing a subsection that is no longer valid.

The text is available at http://www.mass.gov/Eoca/docs/doi/Legal_Hearings/211_130_Redlined.pdf.

New Hampshire

Bulletin: Docket No.: INS No. 10-004-AB

Elimination of the Exclusion of Same-Gender Couples from Marriage and the Impact on Annuity Contracts

HB 436 became effective January 1, 2010. HB 436 amends RSA 457-A to eliminate the exclusion of same-gender couples from marriage and to recognize civil union partnerships as marriages under RSA 457-A. These amendments necessitate modification of the disclosure language required in Bulletin INS No. 08-030-AB released on May 1, 2008.

As discussed in Bulletin INS No. 08-030-AB, the Defense of Marriage Act (DOMA) at U.S.C.A. §7 excludes civil unions and civil union partners from the meaning of the word “marriage” or “spouse” respectively, in all federal law. Similarly, a same-gender marriage under RSA 457-A would not be considered a “marriage,” nor would the spouse of a same gender marriage be considered a “spouse” under DOMA.

To provide appropriate language to consumers so they are aware of the impact of DOMA on any annuity purchased, every annuity contract, certificate, or endorsement provided to a consumer or insured shall provide the following disclosure:

> ***The Federal Defense of Marriage Act states that neither civil union partners nor same-gender married couples are considered married under federal law. Therefore the favorable tax treatment provided by federal tax law to a surviving spouse is NOT available to a surviving civil union partner or the surviving spouse of a same-gender marriage.***
>
> ***For information regarding federal tax laws please consult a tax advisor.***

Forms are required to be submitted to the Department for approval. An expedited review will be done if the SERFF submission is accompanied by a cover letter certifying that:

1) The submission is for approval of the disclosure statement only,
2) The disclosure language conforms exactly to the disclosure language set forth in this bulletin,
3) The form submitted with new disclosure language was previously approved under the requirements of INS No. 08-030-AB and
4) The cover letter is signed by the appropriate officer of the filing company.

Any questions regarding this bulletin can be directed to Michael Wilkey at michael.wilkey@ins.nh.gov. The bulletin is available at http://www.nh.gov/insurance/media/bulletins/2010/index.htm.

Bulletin: Docket Number: INS NO. 10-003-AB

Credit Insurance – INS 1200

The Department has readopted INS 1200, rules relating to credit insurance. The new rule includes new actual premium rates and factors, aka prima facie rates. While the rule is effective January 4, 2010, the Department has agreed that carriers may have until April 1, 2010 to fully implement new rates provided that any policies issued or renewed after January 4, 2010 that should have received a lower rate, will realize a retroactive adjustment to the extent the premium paid exceeded that permitted by the new rule.

As a Credit Insurance Company, you may be required to submit a new rate filing based on your premium development methodology and the guidelines below.

Carriers using the actual premium rates as prescribed in INS 1200 do not need to file rates. These rates have been established by rule and are deemed approved. Carriers that have rate deviations in place to account for varying coverage provisions from those specified by rule may not need to file rates as a result of these new rules. Generally, these rate deviations involve approved factors that are applied to the prescribed nominal premium rates. Where carriers are using these same approved factors, no rate filing is necessary. If the carrier has developed rates and/or rating factors that are not a function of the prescribed nominal premium rates and factors, or is proposing a change to its approved factors then the carrier is required to submit a new rate filing.

Carriers that have experience rate deviations in place generally will not have to make a new rate filing. Experience rate deviations involve the application of a factor to the nominal premium rates. To the extent these factors aren't changing, no rate filing is necessary. However, these carriers should note that to the extent any deviated rate is a function of an actual premium rate that has changed effective January 4, 2010, then the related deviated rate will need to change as of that date.

Questions related to this bulletin shall be addressed to David Sky, david.sky@ins.nh.gov. The bulletin is available at http://www.nh.gov/insurance/media/bulletins/2010/index.htm.

Rhode Island

Public Notice of Proposed Rule-Making

The Rhode Island Department of Business Regulation hereby gives notice of its intent to adopt Insurance Regulation 114 – Service of Process upon Insurance Companies. The purpose of this adoption is to provide an efficient and orderly process by which persons who have a claim against any insurance policy insuring a Rhode Island risk may effectuate service of process on an insurance company doing business in this state.

The proposed regulation and concise summary of non-technical amendments are available for public inspection at http://www.dbr.state.ri.us/documents/rules/proposed/2010-propd114.pdf.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by March 2, 2010 to Elizabeth Kelleher Dwyer, Department of Business Regulation, 1151 Pontiac Avenue, Cranston, Rhode Island 02920, edwyer@dbr.state.ri.us. A public hearing to consider the proposed adoption shall be held on March 2, 2010 at 10:00 a.m. 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard.

Texas

Commissioner's Bulletin #B-0003-10

Discretionary Clauses in Life, Accident, and Health Insurance Policy Forms

On October 9, 2009, the Texas Department of Insurance (TDI) received a petition from the Office of Public Insurance Counsel (OPIC) for the adoption of a rule prohibiting the use of discretionary clauses in life, accident, and health insurance policy forms. On December 9, 2009, TDI held a public meeting to receive comment on the application and use of discretionary clauses. TDI received numerous comments regarding the practical effect of the use of discretionary clauses, the harm to citizens and policyholders, and comments regarding the long term use of the clauses without any debilitating effect upon Texas citizens and policyholders. The Department is considering all of the comments as it evaluates the OPIC request. As TDI evaluates this request, its policy and form review resources will be heavily impacted. This evaluation will be resolved within the next 90 day period.

TDI urges all insurers conducting life, accident and health insurance business during this evaluation and determination of the application and impact of discretionary clauses to suspend filing of insurance policy forms containing discretionary clauses while the Commissioner of Insurance considers a rule prohibiting the use of discretionary clauses in life, accident, and health insurance policy forms.

The bulletin is available at http://www.tdi.state.tx.us/bulletins/2010/cc2.html If you have any questions regarding this bulletin, you may call the Life/Health Division at (512) 322-3409 or contact them by e-mail at LifeHealth@tdi.state.tx.us.

Washington

Proposed Rule: Juvenile life insurance

The Washington Office of the Insurance Commissioner will hold a hearing on March 22, 2010, to consider changes to WAC 284-23-800 through 284-23-806, Juvenile life insurance standards safeguarding against purchase of policies for speculative or fraudulent purposes.

The hearing will take place at 9:00 a.m. at the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater , Washington. Interested persons can send written comments by march 19, 2010 to Kacy Scott, kacys@oic.wa.gov.

The purpose of the changes is to amend the current rule for clarity and ease of compliance. The new language includes a definition of insurable interest identical to the statutory definition, and insurers have greater latitude in developing standards to prevent speculative or fraudulent purchase of juvenile life insurance.

The notice and rule are available at http://www.insurance.wa.gov/laws_regs/rules_pending.shtml.

2010 State Legislative Sessions

State	Convenes	Adjourns
Alabama	1/12	4/22
Alaska	1/19	4/18
Arizona	1/11	5/26
Arkansas	2/8	3/9
California	1/4	8/31
Colorado	1/6	5/11
Connecticut	2/3	5/5
Delaware	1/12	6/30
Florida	3/2	5/1
Georgia	1/12	4/2
Hawaii	1/20	5/7
Idaho	1/11	4/7
Illinois	1/13	1/11/11
Indiana	11/17/09	3/14
Iowa	1/11	4/20
Kansas	1/11	4/10
Kentucky	1/5	4/1
Louisiana	3/29	6/21
Maine	1/6	4/21
Maryland	1/13	4/13
Massachusetts	1/6	1/4/11
Michigan	1/13	12/31
Minnesota	2/4	5/17
Mississippi	1/5	4/4
Missouri	1/6	5/10

State	Convenes	Adjourns
Montana	No Regular 2010 Session	
Nebraska	1/6	4/16
Nevada	No Regular 2010 Session	
New Hampshire	1/6	6/30
New Jersey	1/12	1/10/11
New Mexico	1/19	2/18
New York	1/6	1/5/11
North Carolina	5/10	7/26
North Dakota	No Regular 2010 Session	
Ohio	1/5	12/31
Oklahoma	2/1	5/28
Oregon	No Regular 2010 Session	
Pennsylvania	1/5	11/30
Rhode Island	1/5	6/25
South Carolina	1/12	6/3
South Dakota	1/12	3/29
Tennessee	1/12	5/25
Texas	No Regular 2010 Session	
Utah	1/18	3/19
Vermont	1/5	5/30
Virginia	1/13	3/13
Washington	1/11	3/15
West Virginia	1/13	3/14
Wisconsin	1/19	5/26
Wyoming	2/8	3/5