



Legislative & Regulatory Report

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

December 2011

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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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Alaska

Compliance with the Notice Requirement in AS 21.45.020(C) (Bulletin B 11-13)

On July 1, 2011 the following requirement in AS 21.45.020 went into effect:

- c) *A life insurance policy or annuity contract delivered or issued for delivery in this state and each life insurance policy or annuity contract application must contain a notice prominently printed on or attached to the first page stating*
 - (1) *on written request, an insurer is required to provide, within a reasonable time, reasonable factual information regarding the benefits and provisions of the policy or contract to the policy or contract holder; and*
 - (2) *if, for any reason, the policy or contract holder is not satisfied with the policy or contract, the policy or contract holder may return the policy or contract within 10 days after the policy or contract is delivered and, except as provided in (d) of this section, receive a refund of all money paid.*

The division has received a number of questions from insurers regarding the implementation of this new requirement. The following are guidelines for insurers to consider in complying with the new notice requirement.

Applicability

The provision applies to

1. a life insurance policy or annuity contract delivered or issued for delivery on or after July 1, 2011; and
2. life insurance or annuity contract forms exempt from filings before January 1, 2011 that are subject to the filing provisions set out in Bulletin B 10-08, which states in part:

If a new or modified application, endorsement, rider, or amendment is filed with the division for approval on or after January 1, 2011 and the application, endorsement, rider, or amendment is to be used with a base form that was not previously filed for approval pursuant to Order 83-1, that base form and all other applications, endorsements, or riders that may be used with that form must also be filed.

The provision does not apply to

1. policies delivered or issued for delivery before July 1, 2011;
2. forms filed through the Interstate Insurance Product Regulation Compact (IIPRC);
3. group policy forms; or
4. reinstatement or supplemental applications.

Filing requirements and method of compliance

- All policies to be delivered or issued for delivery on or after July 1, 2011 must comply with the notice requirement and amended forms must be filed with the division.
- An insurer may file an endorsement to a policy that complies with the notice requirement, but the endorsement must be attached to the first page of the policy. An endorsement may not be filed for an application form and the application must comply with the required notice requirement.
- An insurer may file just an amended first page of a policy form to comply with the notice requirement. The filing must reference the Alaska filing number of the approved policy form that is being amended.
- If an application is not made part of the policy, both the application form and the policy form must contain the required notice.

- If the application is part of the policy and the application contains the notice, then the policy form is not required to be modified to also include the notice. The insurer should provide an explanation in the application filing that this is the case and the application must be attached to the front page of the policy.
- An insurer may respond to a request for information in writing or verbally. The division recommends that an insurer create a written record of any verbal response provided to a written request for information and send a copy to the person who requested the information as confirmation of the insurer's verbal response.
- If an insurer files only an application form, then the insurer must include in the filing a list of policy forms and the corresponding state filing number, if applicable, for which the application will be used. In addition the insurer must state whether each policy form complies with the new notice requirement. If a policy form does not comply with the new notice requirement, it must be modified and filed for approval.
- If an insurer files one or more policy forms without the applicable application, then the insurer must list in the filing the application forms that will be used with the policy forms and corresponding state filing number, if applicable. The insurer must state whether the application complies with the new notice requirement and if not, an amended application must be filed for approval.

Notice contents

- A request for information by a consumer could occur before, during, or after the “free look” period and an insurer is not required to modify the 10-day “free look” period to accommodate a time for response.
- Regarding “a reasonable time” referenced in the law, a defined number of days must be specified in the required notice. The division recommends a time period that is no longer than 10 working days from the date of receipt of the request by the insurer. To the extent that a policy is still in a “free-look” period, the division encourages insurers to respond to a request for information before the end of the “free-look” period, but the insurer may still specify a 10 working day or less response time in the notice regardless of when the request was received.
- The division encourages insurers to use a longer than the minimum 10-day “free look” period.
- An insurer must include at a minimum an address to which a consumer may send a written request for information in the notice. However, the division strongly recommends the insurer to include both a phone number and e-mail address in the notice as well.
- Replacement policies must contain at least a 30-day “free look” period. If an insurer specifies a shorter than 30-day “free look” period on a policy form that will also be used for replacements, the form must include both “free look” periods, including the 30-day or more “free look” period for replacements.

This bulletin supersedes and rescinds the Life and Annuity Insurers section of Bulletin B 11-07 as it relates to AS 21.45.020(c) and (d), located at the bottom of page 3 and the top of page 4 of that bulletin.

This bulletin is available at <http://www.commerce.state.ak.us/insurance/Insurance/bulletins.html>.

Arkansas

Rule 76, “External Review Regulation” (Bulletin 10-2011)

The Arkansas Insurance Department (“Department”) recently promulgated Department Rule 76, “Arkansas External Review Regulation.” This Rule replaces in its entirety the Department’s earlier Rule 76 of the same name and subject matter. The Rule refers to an insured’s right to have an independent review organization (“IRO”) review an adverse benefit determination by a health insurer, health maintenance organization, or hospital and medical service corporation (hereafter, “health insurers”). The Department held an administrative hearing on July 15, 2011 and received public comments on the proposed changes to Rule 76. After the administrative hearing, the Commissioner kept the record open for an additional thirty (30) days to consider further corrections to the Rule.

The new amendments to Rule 76 adopted provisions in the National Association of Insurance Commissioners (NAIC) recent Model External Review Act. One of the most significant changes adopted from the Model requires the Commissioner to select the IRO to conduct the external review, rather than the health insurer. Additionally, under the new requirements, the Department is more involved in the processing of the external review request. Threshold amount requirements of the claims entitled to external review have been removed, as well as the prerequisite that the adverse claim determination relate to a denial over medical necessity or experimental treatment. Finally, the amendments are needed to avoid federal pre-emption over state regulation of this process under recent federal health care reform measures. The effective date of amended Rule 76 will be January 1, 2012.

This Bulletin is issued to advise health insurers, health maintenance organizations, hospital medical service corporations and independent review organizations of the amended Rule, as well as to notify health insurers and IROs that the amended Rule as well as forms for implementing and complying with the amended Rule are available for review in the Department's Administrative Rules section on its website.

Please be advised that IROs currently licensed by the Department under the earlier version of Rule 76, do not need to re-apply for licensure on or after the effective date of this Rule, to participate in external reviews conducted under the recent amendments. In addition, it is the Department's view that because the conflict restrictions and quality assurance mechanisms under Section 13 of the Rule are substantially similar to requirements under the previous Rule, IROs previously licensed by the Department do not need to send to the Department for review all its written procedures on quality assurance. However, the Department expects all IROs participating in external reviews to adopt and comply with the new requirements and forms, internally, to the extent the requirements have changed.

Rule 76 is available at <http://www.insurance.arkansas.gov/Legal%20Dataservices/rulesandregs/Rule76.pdf>. The entire bulleting is at <http://www.insurance.arkansas.gov/Legal%20Dataservices/PCBulletinYR.htm>

Colorado

Notice of Rule-Making

The Colorado Division of Insurance will address the proposed regulations below at a hearing on January 3, 2012, at the Division Offices, 1560 Broadway, Suite 850, Denver, Colorado, 80202, in room B at 1:00 p.m. 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. Please reference the proposed or amended regulation in the subject line.

- 2-1-4 Concerning the Entry of Alien Insurance Companies in Colorado
http://www.dora.state.co.us/insurance/regs/pR2-1-4%20_01032012.pdf
- 2-1-7 Concerning Issuance of a Certificate of Authority
http://www.dora.state.co.us/insurance/regs/p2-1-7_01032012.pdf
- 3-1-12 Risk-Based Capital (RBC) for Health Organizations
http://www.dora.state.co.us/insurance/regs/p3-1-12_01032012.pdf
- 4-2-16 Women's Access to Obstetricians, Gynecologists and Certified Nurse Midwives
http://www.dora.state.co.us/insurance/regs/p4-2-16_01032012.pdf
- 4-2-18 Crediting and Certifying Creditable Coverage for Pre-Existing Conditions
http://www.dora.state.co.us/insurance/regs/p4-2-18_01032012.pdf

This notice and links to rule test is available at <http://www.dora.state.co.us/insurance/regs/noh.htm>.

Connecticut

2011 Annual Statement (Bulletin FS-4-11)

Section 38a-53(a) of the Connecticut General Statutes requires that each domestic insurance company or health care center shall, annually, on or before the first day of March, submit to the commissioner, and electronically to the National Association of Insurance Commissioners ("NAIC"), a true and complete report, prepared in accordance with the NAIC Annual Statement Instructions Handbook and following those accounting procedures and practices prescribed by the NAIC Accounting Practices and Procedures Manual. The securities owned by each such entity must be valued in accordance with those standards promulgated by the NAIC's Valuation of Securities Office. An electronically filed report in accordance with section 38a-53a that is timely submitted to the NAIC does not exempt a domestic insurance company or health care center from timely filing a true and complete paper copy with the commissioner.

Section 38a-53(b) of the Connecticut General Statutes requires that each foreign insurance company shall, annually, on or before the first day of March, submit to the commissioner, by electronically filing with the NAIC, a true and complete report, prepared in accordance with the NAIC Annual Statement Instructions Handbook and following those accounting procedures and practices prescribed by the NAIC Accounting Practices and Procedures Manual. An electronically filed report in accordance with section 38a-53a that is timely submitted to the NAIC is deemed to have been submitted to the commissioner in accordance with this section.

Each of the addressed entities will also be required to report their financial condition on a quarterly basis during 2012, to this Department in the same manner as noted above. The format to be used is the 2011 edition of the quarterly blank adopted by the NAIC for the 2012 reporting year. Statements are due 45 days subsequent to the end of each quarter:

March 31, 2012	May 15, 2012
June 30, 2012	August 15, 2012
September 30, 2012	November 15, 2012

Section 38a-53a of the Connecticut General Statutes requires that each of the addressed corporations shall file an electronic copy of its Annual Statement and Quarterly Statements to the NAIC's Support Services Office.

The appropriate filing checklist to be completed and submitted with each Financial Statement filed with this Department and the NAIC must be downloaded from the Department's website at www.ct.gov/cid for your particular company type as follows: Fraternal Societies, checklist, notes, general instructions; Health Insurers, checklist, notes, general instructions; Life, Accident and Health Insurers, checklist, notes, general instructions; Property and Casualty Insurers, checklist, notes, general instructions; and Title Companies, checklist, notes and general instructions.

All domestic insurers must attach a statement with respect to the physical location(s) of all invested assets owned by the company (held by the company or under custodial or safekeeping agreement in Connecticut or out of state) including those securities on deposit with governmental agencies and book entry securities. Assets held outside of the United States under custodial or sub-custodial agreements must be separately identified. Companies with separate account operations will be required to submit two Retention of Assets Statements, one for the general account and one for the separate accounts. A sample Retention of Assets Statement is attached for your reference.

All domestic companies must comply with the provisions of sections 38a-85 through 38a-89 of the Connecticut General Statutes and sections 38a-88-1 through 38a-88-12 of the Regulations of Connecticut State Agencies outlining the criteria which must be met to allow a domestic insurer to take credit either as an asset or deduction from a liability for ceded reinsurance. The list of licensed companies and approved reinsurers in Connecticut is located on the Department's website. Please note that this listing is updated on a quarterly basis.

If you have any questions, you may contact the Financial Regulation Division at (860) 297-3814, or ctinsdept.financial@ct.gov.

Florida

Informational Memorandum (OIR-11-08M)

The purpose of this memorandum is to inform Florida Life and Health insurers and Health Maintenance Organizations (HMOs) of the Office's requirement that all trend factors must be included in the actuarial memorandum in table format in each filing.

It has come to the Office of Insurance Regulation's (Office) attention that some companies are applying trend factors that vary by deductible, co-pay, and/or coinsurance amount ("trend leveraging").

Some companies have included references to trend leveraging since the inception of their product; however, not all companies have informed the Office of their trend leveraging practices.

Sections 627.410 and 641.31, Florida Statutes, and Rules 69O-149.003(2)(b)4 and 69O-191.054, Florida Administrative Code, require form and rate filings to include rate pages that define all proposed rates, rating factors and methodologies for determining rates applicable in this state.

Please identify all factors by which trend may vary in each filing, pursuant to Rules 69O-149.006 and 69O-191.055, Florida Administrative Code. Please clarify if the company leverages trend by deductible, co-pay, coinsurance and/or any other variable.

Please also provide for each filing a complete breakout of trend, including trend leveraging, in an Excel table. Include the weighted average trend (weighted by premium volume) for each factor alone (leveraging for deductible, co-pay, coinsurance, prescription, etc.) and for all factors combined. Please note that each factor must be justified.

If you have questions regarding this Memorandum, please contact Eric Lingswiler, Director of Life and Health Product Review, Florida Office of Insurance Regulation at eric.lingswiler@floir.com or (850) 413-5110.

This memorandum is available at <http://www.floir.com/office/memoranda/index.aspx>.

Nebraska

Requirements for Compliance with Privacy Notices (Bulletin 127)

The purpose of this bulletin is to set forth the views of the Nebraska Department of Insurance regarding insurance companies' compliance with requirements for Gramm Leach Bliley Act (GLBA) privacy notices set forth in the Nebraska Privacy of Insurance Consumer Information Act, Neb.Rev.Stat. §§44-901 to 44-925.

As required by the Financial Services Regulatory Relief Act of 2006, eight federal agencies adopted a simplified Federal Model Privacy Form. The new Federal Model Privacy Form was developed for use by federally regulated financial institutions to increase consumers' understanding and ability to make informed

decisions regarding the sharing of personal information as required by the privacy provisions of GLBA. Federally regulated financial institutions that elect to use the new Federal Model Privacy Form may rely on it as a safe harbor to provide the notices required under the federal GLBA privacy rules.

Insurance companies that do business in this state may use the new Federal Model Privacy Form or continue to use other types of privacy notices that differ from the Federal Model Privacy Form to meet the notice content requirements of the Nebraska Privacy of Insurance Consumer Information Act, Neb.Rev.Stat. §§44-901 to 44-925.

Use of Model Privacy Form

The use of the Model Privacy Form set forth in Attachment A of this bulletin, consistent with the instructions set forth in Attachments B and C, constitutes compliance with the notice content requirements of Neb.Rev.Stat. §§44-906 and 44-907. Insurers may rely on use of the attached Model Privacy Form, consistent with the attached instructions, as a safe harbor of compliance with the privacy notice content requirements of the Nebraska Privacy of Insurance Consumer Information Act, Neb.Rev.Stat. §§44-901 to 44-925.

Use of Other Types of Privacy Notices

Use of the attached Model Privacy Form is not required. Insurers may continue to use other types of privacy notices to meet the requirements of Neb.Rev.Stat. §§44-906 and 44-907 so long as the notices accurately describe the insurer's privacy practices and otherwise meet the requirements of Neb.Rev.Stat. §§44-906 and 44-908.

Information to be Included in Privacy Notices

Under Neb.Rev.Stat. §44-906(2), if a licensee discloses nonpublic personal information to third parties as authorized under Neb.Rev.Stat. §§44-915 and 44-916, the licensee is not required to list those exceptions in the initial or annual privacy notices required by Neb.Rev.Stat. §§44-904 and 44-905.

When describing the categories of parties to whom these disclosures are made, it is sufficient for the licensee to state that it makes disclosures to other nonaffiliated companies:

1. For our everyday business purposes, such as [include all that apply] to process account transactions, maintain account(s), respond to court orders and legal investigations, or report to credit bureaus; or
2. As permitted by law.

The complete bulletin and attachments are available at <http://www.doi.ne.gov/bulletin/cbulletn.htm>.

New Jersey

Accelerated Death Benefits (Proposal: PRN 2011-246)

The Department of Banking and Insurance (Department) is proposing a new rule related to accelerated death benefits.

The Interstate Insurance Compact (Compact) is an important modernization initiative that benefits state insurance regulators, consumers, and the insurance industry. The Compact enhances the efficiency and effectiveness of the way insurance products are filed, reviewed, and approved, allowing consumers to have faster access to competitive insurance products in an ever-changing global marketplace. The Compact promotes uniformity through application of national product standards embedded with strong consumer protections. The Compact established a multi-state public entity, the Interstate Insurance Product Regulation Commission (IIPRC), which serves as an instrumentality of the member states. New Jersey, along with 40

other states, is a member of the IIPRC. The IIPRC serves as a central point of electronic filing for certain insurance products, including life insurance, annuities, disability income, and long-term care insurance to develop uniform product standards, affording a high level of protection to purchasers of asset protection insurance products.

In 2007, the IIPRC adopted standards for accelerated death benefits of life insurance policies. The standards provide for the advance payment of some or all of the death proceeds payable under a life insurance policy upon the occurrence of a qualifying event. The proposed amendments are intended to make the Department's current accelerated death benefits rules more consistent with the IIPRC standards.

Submit comments by February 3, 2012 to: Robert J. Melillo, Chief, Department of Banking and Insurance, P.O. Box 325, Trenton, NJ 08625-0325, Fax: (609) 292-0896, E-mail: legsregs@dobi.state.nj.us. The entire notice and proposed text are available at <http://www.state.nj.us/dobi/lrnurulz.htm>.

State Legislature Lineup for 2012

State	Governor	House			Senate		
		Dem	Rep	O/V	Dem	Rep	O/V
AK	Sean R. Parnell (R)	16	24		10	10	
AL	Robert J. Bentley (R)	40	65		12	22	1
AR	Mike Beebe (D)	54	46		20	15	
AZ	Janice K. Brewer (R)	20	40		9	21	
CA	Edmund G. Brown, Jr. (D)	52	28		25	15	
CO	John W. Hickenlooper (D)	32	33		20	15	
CT	Dannel P. Malloy (D)	99	52		22	14	
DE	Jack A. Markell (D)	26	15		14	7	
FL	Richard L. Scott (R)	39	81		12	28	
GA	Nathan Deal (R)	63	115	2	20	36	
HI	Neil Abercrombie (D)	43	8		24	1	
IA	Terry E. Branstad (R)	40	60		26	24	
ID	C. L. "Butch" Otter (R)	13	57		7	27	1
IL	Patrick "Pat" Quinn (D)	64	54		35	24	
IN	Mitchell E. Daniels (R)	40	60		13	37	
KS	Samuel D. "Sam" Brownback (R)	33	92		8	32	
KY	Steve Beshear (D)	59	40	1	15	22	1
LA	Piyush "Bobby" Jindal (R)	46	56	3	17	22	
MA	Deval L. Patrick (D)	127	33		35	4	1
MD	Martin O'Malley (D)	98	43		35	12	
ME	Paul R. LePage (R)	72	78	3	14	20	1
MI	Rick Snyder (R)	46	62	2	12	26	
MN	Mark Dayton (D)	61	72	1	29	37	1
MO	Jeremiah W. Nixon (D)	56	106	1	8	26	
MS	Phil Bryant (R)	67	54	1	25	27	
MT	Brian Schweitzer (D)	32	68		22	28	
NC	Beverly Eaves Perdue (D)	52	68	1	19	31	
ND	Jack Dalrymple (R)	25	69		12	35	
NE	Dave Heineman (R)						49 *

State	Governor	House			Senate		
		Dem	Rep	O/V	Dem	Rep	O/V
NH	John H. Lynch (D)	105	294	2	5	19	
NJ	Chris J. Christie (R)	46	33	1	24	16	
NM	Susana Martinez (R)	37	33		27	15	
NV	Brian E. Sandoval (R)	26	16		11	10	
NY	Andrew M. Cuomo (D)	98	50	2	30	32	
OH	John Richard Kasich (R)	40	59		10	23	
OK	Mary C. Fallin (R)	31	68	2	16	31	1
OR	John A. Kitzhaber (D)	30	30		16	14	
PA	Tom Corbett (R)	91	112		20	30	
RI	Lincoln Davenport Chafee (I)	65	10		29	8	1
SC	Nikki Randhawa Haley (R)	48	76		19	27	
SD	Dennis M. Daugaard (R)	19	50	1	5	30	
TN	William "Bill" Haslam (R)	34	64	1	13	20	
TX	Rick Perry (R)	49	101		12	19	
UT	Gary R. Herbert (R)	17	58		7	21	1
VA	Robert F. McDonnell (R)						
VT	Peter Shumlin (D)	94	48	8	22	8	
WA	Christine Gregoire (D)	55	42	1	27	22	
WI	Scott Walker (R)	39	59	1	16	17	
WV	Earl Ray Tomblin (D)	65	35		28	6	
WY	Matt Mead (R)	10	50		4	26	

Legend

O/V = Other, Vacant

* = Nebraska has a non-partisan, unicameral legislature

2012 STATE LEGISLATIVE SESSIONS

State	Profile	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Con-venes	Adjourns	Carry-over	2012 Est. Bills
Alabama	Y													2/7	5/17	NO	2850
Alaska	Y													1/17	4/15	11-12	400
Arizona	Y													1/9	6/22	NO	1500
Arkansas	Y													2/13	3/15	NO	500
California	N													1/4	8/31	11-12	2200
Colorado	N													1/11	5/9	NO	850
Connecticut	Y*													2/8	5/9	NO	1300
Delaware	Y													1/10	6/30	11-12	500
Florida	Y													1/10	3/9	NO	2500
Georgia	Y													1/9	4/11	11-12	3000
Hawaii	Y													1/18	5/3	11-12	3200
Idaho	N													1/9	4/7	NO	750
Illinois	N													1/11	1/8/13	11-12	5000
Indiana	Y													11/22/11	3/14	NO	1150
Iowa	Y													1/9	4/17	11-12	1950
Kansas	Y													1/9	5/25	11-12	800
Kentucky	Y													1/3	3/29	NO	1500
Louisiana	Y													3/12	6/4	NO	3400
Maine	Y													1/4	4/18	11-12	350
Maryland	Y													1/11	4/9	NO	2750
Massachusetts	N													1/4	1/1/13	11-12	1200
Michigan	N													1/11	12/31	11-12	2000
Minnesota	Y													1/24	5/21	11-12	3000
Mississippi	Y													1/3	5/5	NO	3500
Missouri	Y													1/4	5/30	NO	2050
Montana		No Regular 2012 Session												No Regular 2012 Session			
Nebraska	N													1/4	4/12	11-12	700
Nevada		No Regular 2012 Session												No Regular 2012 Session			
New Hampshire	Y													1/4	6/7	11-12	850
New Jersey	N													1/10	1/8/13	12-13	6400
New Mexico	Y													1/17	2/16	NO	1100
New York	Y													1/4	1/8/13	11-12	4400
North Carolina	N													5/8	7/13	11-12	1350
North Dakota		No Regular 2012 Session												No Regular 2012 Session			
Ohio	N													1/2	12/31	11-12	800
Oklahoma	Y													2/6	5/25	11-12	2600
Oregon	Y													2/1	3/6	NO	300
Pennsylvania	N													1/10	11/30	11-12	1800
Rhode Island	Y*													1/3	6/22	11-12	2600
South Carolina	Y													1/10	6/7	11-12	1600
South Dakota	Y													1/10	3/19	NO	600
Tennessee	Y													1/10	5/26	11-12	5400
Texas		No Regular 2012 Session												No Regular 2012 Session			
Utah	Y													1/23	3/8	NO	850
Vermont	Y													1/3	5/31	11-12	600
Virginia	Y													1/11	3/10	12-13	3600
Washington	Y													1/9	3/17	11-12	1900
West Virginia	Y													1/11	3/13	NO	2500
Wisconsin	N													1/17	5/30	11-12	700
Wyoming	Y													2/13	3/12	NO	300
U.S. Congress	N													1/2	12/16	11-12	4850
Washington D.C.	N													1/3	12/31	11-12	1400
Puerto Rico	N													1/12	6/30	09-12	2625

TOTAL BILLS = 185,025 (98,025 estimated 2012 intros + 87,000 carryovers, 2011)

* Not publicly available

◀ Projected Executive Action Deadline

v. 06.15.11