

Draft: 9/2/09

National Treatment and Coordination (E) Working Group  
Conference Call  
August 26, 2009

The National Treatment and Coordination (E) Working Group of the Financial Condition (E) Committee met via conference call Aug. 26, 2009. The following Working Group members participated: Jill Jacobi, Co-Chair (CA); Cindy Donovan, Co-Chair (IN); Ray Akers (CO); Kathy Belfi (CT); Mary Mostoller (FL); Stewart Guerin (LA); Anne Morgan (NC); Will Smith (PA); Eric Showgren (UT); Raquel Pino-Moreno (VA); Gayle Pasero (WA); and Linda Johnson (WY). Also participating were: Gloria Glover (AK); Cary Cook (AZ); Emma Hirschhorn (CA); Louis Quan (CA); Nancy Ferguson (IA); Carrie Colborn (IN); David Browning (MS); Lin Riippi (NV); Steve Johnson (PA); and Jeff Hunt (TX).

1. 2010 Charges

Ms. Jacobi recited the Working Group's 2009 charges and asked the group to confirm that the charges would remain the same for 2010. The Working Group confirmed the current charges for 2010.

2. Receive July 8 Minutes

Ms. Donovan mentioned the last paragraph on Page 2 should reference that the next conference call was scheduled for Aug. 26, not Aug. 22. Ms. Jacobi noted that the first paragraph mentions a new location for the UCAA link due to a recent update of the NAIC Web site. Upon a motion by Ms. Pasero and a second by Mr. Showgren, the Working Group voted unanimously to receive the July 8 minutes of the Working Group (Attachment Five-A).

3. Receive Issues Subgroup July 22 Summary

Ms. Donovan indicated that the content of the July 22 summary of the Issues Subgroup is a detailed discussion of the corporate amendment withdrawal/surrendering of a certificate of authority. It was determined by the Subgroup that all changes and updates discussed would be incorporated and distributed to the Subgroup members for additional comments prior to including with the materials for the Working Group call today. Upon a motion by Ms. Donovan and a second by Mr. Guerin, the Working Group voted unanimously to receive the summary of the Issues Subgroup (Attachment Five-B).

4. Discuss Survey Results for Change of Address, Form 14

Ms. Jacobi said that 21 states responded to the attached survey regarding Form 14, which is used for change of company address and various company contact address changes. The states were asked whether the form was required or accepted and to provide details regarding statute or regulation supporting their request for information. The results indicated that more states accept the form instead of require it. Ms. Donovan suggested resending the survey to those states that have not yet responded, before reaching any conclusions from these results. Hearing no objections, the Working Group tabled this agenda item for the next scheduled conference call.

5. Discuss Corporate Amendment Withdrawal Form.

NAIC staff confirmed that the draft form distributed prior to this call contains all comments received to date. Ms. Morgan added that North Carolina is considering a withdrawal form and would like to incorporate this uniform form. She suggested that item #7, "Is there any business in force or any outstanding claims..." be a stronger statement by asking for a signature of an actuary. Ms. Donovan expressed concern that an actuary could attest to the statement as it is currently written, which includes contingent liabilities or lawsuits. Ms. Morgan stated that North Carolina has encountered instances where a company has misrepresented their outstanding claims. Ms. Donovan asked if the attestation and certification of this form would suffice. Ms. Morgan thought that someone in the company with the expertise should be attesting to the amount of outstanding claims. Ms. Jacobi stated that the actuarial opinion states that the actuary is relying on the information that is provided by the company. Mr. Hunt asked if what is being requested is a certification from an actuary that no more outstanding claims at the point of surrendering their license. Generally a company would not have any reserves left after they surrender their license, but you cannot say with 100% accuracy that there will not be any remaining claims, depending on the line of business. Ms. Morgan will look into this further and e-mail NAIC staff for distribution on exactly what North Carolina is looking for in this

statement. Ms. Jacobi mentioned that the certification and attestation for the withdrawal form does require the officers to certify the information under penalty of perjury.

Ms. Donovan asked if all of the states allow for an assistant secretary and vice president to sign the form, in lieu of the president and secretary. Indiana allows for an assistant secretary and vice president to attest. Ms. Jacobi mentioned that the asterisk allows for state-specific information. Ms. Riippi commented on item #1, for the affidavit of a lost certificate of authority, which must be signed by the president of the company or corporate officer. The majority of the states require the affidavit be signed by a corporate officer, not specifically stating which officer. Ms. Glover asked if this affidavit was a state-specific form or a statement written by the company. The footnote could reference to use the state form, if available, for the affidavit. Ms. Jacobi suggested considered developing a uniform form for an affidavit of lost certificate of authority for corporate amendment applications. Mr. Showgren suggested a short survey to the states requesting their requirements for an affidavit of lost certificate of authority. Ms. Pasero made a motion and was second by Mr. Showgren to send a survey to the states regarding their requirements for an affidavit of lost certificate of authority. Pending responses from the survey, an e-vote will be sent to the Working Group to refer developing a draft uniform affidavit to the Subgroup.

6. Other Matters

Nancy Stepanski (Westmont Associates) gave a brief update on the Essent pilot project. Essent Guaranty's application is pending in the majority of the states for one month. The following jurisdictions have approved the application: Illinois, District of Columbia, South Dakota and North Dakota. It is currently on the agenda for the admission committee in South Carolina and Georgia.

Hugh Alexander (Alexander Law Firm) said the states of Michigan, Massachusetts and New York have worked together to resolve their issues. He said the final orders approving the merger will take place next week, and the UCAA merger application will be filed in mid-September. Through a survey sent to all of the states, a majority of them will be in a good position to address the issues of corporate approval of the filing issues of the surviving company in an orderly fashion so the merger would occur Dec. 31.

Jane Conard (NAIC staff) asked for confirmation from the Working Group for the electronic application business rules by not allowing the company to add or delete a state once the application has been submitted. The Working Group agreed that this should not be allowed in the electronic application. Upon a motion by Mr. Showgren and a second by Ms. Johnson, the NAIC programmer will safeguard the state selection so that no changes can be made once an application is submitted. Ms. Jacobi asked if this change would only be implemented for the electronic application or if the instructions should also reference that a state cannot be added or deleted from the application once it has been submitted. NAIC staff responded that, at this point, the change will be to the electronic form only.

Ms. Donovan stated that Questionnaire, Form 8, for the expansion application and the primary application, questions #31 through #34 are intended for redomestication application only. She further explained that the redomestication application is part of the primary application, which is not available in electronic format. NAIC staff requested removing questions #31 through #34 in the edit application screen, but they will remain in the printed form (for consistency purposes) with the hardcopy form. NAIC staff suggested defaulting to "not applicable" and not allow user to enter an answer. Ms. Donovan suggested that the application be pre-populated with a "not applicable" response and indicate that this question is for a redomestication application. Mr. Showgren suggested adding "applies to redomestication filings only" next to the field where the applicant would answer the question or after each question. Ms. Jacobi asked if NAIC staff could draft a mock-up and send it to via email prior to the Working Group making a decision via e-vote.

Having no further business, the National Treatment and Coordination (E) Working Group adjourned.

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