

2017 Spring National Meeting
Denver, Colorado

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE
Sunday, April 9, 2017
2:00– 3:30 p.m.
Meeting Summary
Report

The Life Insurance and Annuities (A) Committee met April 9, 2017. During this meeting, the Committee:

1. Adopted its Feb. 24 minutes, which included the following action:
 - a. Adopted its 2016 Fall National Meeting minutes.
 - b. Adopted its revised 2017 charges.
 - c. Heard updates from its task force and working groups.
 - d. Adopted a new annuity suitability charge to: 1) appoint an Annuity Suitability (A) Working Group to review and revise, as necessary, the *Suitability in Annuity Transactions Model Regulation* (#275); and 2) consider how to promote greater uniformity across NAIC member jurisdictions.
2. Heard a presentation on the NAIC Life Insurance Policy Locator service. Launched in November 2016, the service has received 15,333 requests and made 1,796 matches, with a total claim amount of \$17,203,767.00. A subject matter expert conference call was held March 21, 2017, in regulator-to-regulator session to discuss possible modifications to the locator in the future suggested by state insurance regulators and industry. Contact Lois Alexander (NAIC) for additional information.
3. Adopted the Annuity Disclosure (A) Working Group report, which included the following action:
 - a. Adopted its March 9 minutes, during which the Working Group discussed two issues identified under its charge to review and revise, as necessary, the illustration standards in the *Annuity Disclosure Model Regulation* (#245) in light of innovations in the marketplace. The Working Group agreed to consider a model law review request to revise Model #245 on its next conference call.
4. Adopted the Annuity Suitability (A) Working Group report. The Working Group discussed its charge to consider revisions to the Model #275 current suitability standards related to the best interest standard. The Working Group heard three presentations: 1) on the current provisions of Model #275 and state adoptions of the model; 2) on the U.S. Department of Labor (DOL) fiduciary rule and its status; and 3) on the Working Group's proposed work from a panel of stakeholders, including consumers, industry, and agents and brokers.
5. Adopted the Life Insurance Buyer's Guide (A) Working Group report, which included the following action:
 - a. Adopted its March 27, March 13, Feb. 27 and Feb. 7 minutes, during which the Working Group discussed potential formats, structure and content for the revised Buyer's Guide and adopted a motion to forward to the Life Insurance and Annuities (A) Committee a model law review request to remove the Buyer's Guide from the appendix to the *Life Insurance Disclosure Model Regulation* (#580) so that it can be a stand-alone document.
6. Adopted a model law review request to remove the Buyer's Guide as an appendix to Model #580.
7. Adopted the Life Insurance Illustration Issues (A) Working Group report, which included the following action:
 - a. Adopted its Jan. 9 minutes, during which the Working Group continued to discuss how to develop a one- to two-page policy overview document to help consumers better understand specific life insurance policies. The Working Group adopted motion to forward to the Life Insurance and Annuities (A) Committee a model law review request to incorporate a short policy overview document into Model #580 and *Life Insurance Illustrations Model Regulation* (#582). The request did not contemplate incorporating a policy overview template into the models. The Working Group agreed to work with stakeholders on a template that could serve as a best practices document.
8. Adopted a model law review request to incorporate a short policy overview document requirement into Model #580 and Model #582.

9. Adopted the Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group report, which included the following action:
 - a. Adopted its March 24 minutes, during which the Working Group continued to discuss draft revisions to the NAIC Consumer Alert “Preventing Abusive Practices: The Misuse of Senior Designations and ‘Free Lunch’ Seminars” and agreed to develop a survey to assist the Working Group in determining whether the *Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (#278) should be revised.

10. Adopted the Unclaimed Life Insurance Benefits (A) Working Group report, which included the following action:
 - a. Adopted its March 7 minutes, during which the Working Group adopted a motion to suspend its work pending guidance from the Life Insurance and Annuities (A) Committee due to the lack of consensus on the issue of the draft proposed Unclaimed Life Insurance and Annuities Model Act’s applicability to existing and future policies, contracts and retained asset accounts.

11. Extended the model law development request for the development of a new model to address unclaimed benefits and adopted a motion requesting that the Unclaimed Insurance Benefits (A) Working Group develop a concise list of key controversial issues in the draft proposed Unclaimed Life Insurance and Annuities Model Act for review by the Committee.

12. Adopted the Life Actuarial (A) Task Force report, which included the following action:
 - a. Adopted its March 16, March 9, March 2, Feb 23, Feb 2 and Jan 25 minutes, during which the Task Force adopted revisions to *Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation* (AG 38); to the life and health, and fraternal actuarial opinion instructions to correct references to the *Standard Valuation Law* (#820) and to reflect an operative *Valuation Manual*; and to Section 9C3g of VM-20, Requirements for Principle-Based Reserves for Life Products.
 - b. Exposed revisions to the *Valuation Manual* companywide exemption and to proposed VM-22, Maximum Valuation Interest Rates for Income Annuities, that make the method for determining the valuation interest rate for income annuities more responsive to the economic environment.
 - c. Adopted four amendments for non-substantive clarifying changes to the *Valuation Manual* and exposed seven amendments for substantive changes to the *Valuation Manual*.
 - d. Received a recommendation for an actuarial guideline to clarify the applicability of the prospective test in *Standard Nonforfeiture Law for Individual Deferred Annuities* (#805), noting that it is no longer necessary for the Life Insurance and Annuities (A) Committee to defer submission of the proposal for Model #805 revisions related to contingent deferred annuities (CDAs) for consideration by Executive (EX) Committee and Plenary.
 - e. Adopted the reports of its subgroups and working groups, and heard various reports and updates.

12. Adopted revisions to AG 38.

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