

Mix-and-Match Survey Results

Compiled by the Compact Office

Background and Response Statistics

1. Survey reviewed by Rulemaking Committee during May 20th meeting.
2. Survey issued to all Compacting States and all registered filers and the Industry Advisory Committee on June 2nd
3. Responses deadline was June 30th
4. 33 Compacting States responded
 - 10 - Midwestern zone states
 - 10 - Western zone states
 - 8 – Northeastern zone states
 - 5 – Southeastern zone states
5. 31 Company Filers responded
 - 13 – Over \$1 Billion in premium volume (PV)
 - 14 – Between \$50 Million and \$1 Billion in PV
 - 1 – Between \$10 Million and \$50 Million in PV
 - 3 – \$10 Million or less in PV

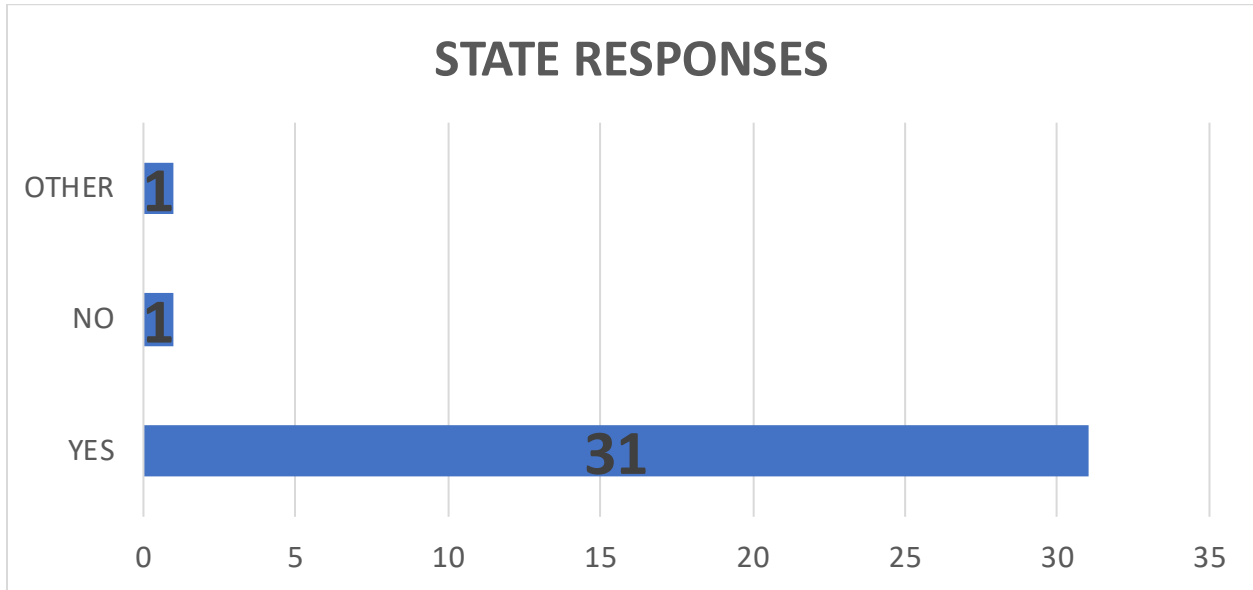
COMMON THEMES AND COMMENTS
FROM THE SURVEYS

Prepared by the Compact Office

- Compacting States would prefer more detailed rules and processes with respect to mix and match.
- Compacting States would find a process or communication from the Compact Office helpful to understand or verify the company's reasons for mix and match.
- While only 30% of responding Compacting States indicated they have limitations on companies using newer forms with very old forms, a much greater number of states commented that old forms must be consistent with current state laws and regulations.
- The common reason given by companies for using mix and match is that Uniform Standards are not available for their product design.
- Reasons companies are still issuing old forms is because low priority or need to update and still consistent with applicable laws.
- Companies request that the Statement of Intent Schedule entry and tracking process be more streamlined and relevant.
- Compacting States and companies generally support the use of mix-and-match and want more rules, process, and training to determine when mix-and-match is needed versus when mix-and-match is not appropriate.

REGULATOR
SURVEY
QUESTIONS AND
RESPONSES

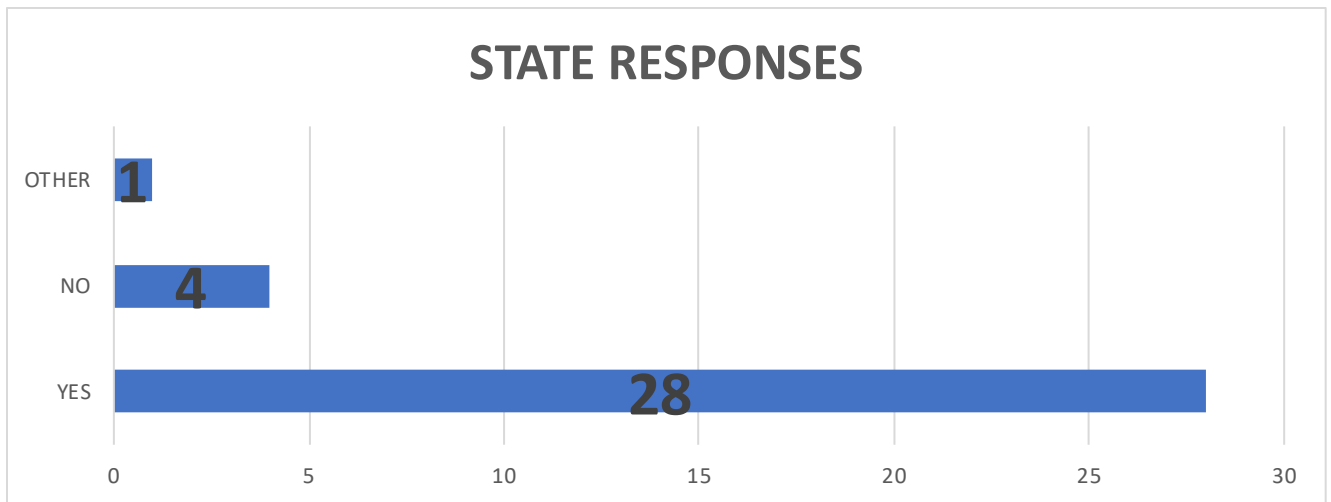
REGULATOR QUESTION: Would your state be supportive of more explicit rules for proper mix and match that could be applied during the Compact Office’s review of the product filing?



SUBMITTED COMMENTS:

- *A checklist should be developed for companies on how to appropriately use mix and match.*
- *It would be helpful if filings had a detailed process map so that can see what Compact forms are being used with state forms.*
- *It depends what rules are but in favor of creating rules that would make reviewing filings easier.*
- *Without knowing what’s being proposed, it’s difficult to support the proposal for more explicit rules.*
- *Having explicit rules would be very helpful for staff in determining what is acceptable.*

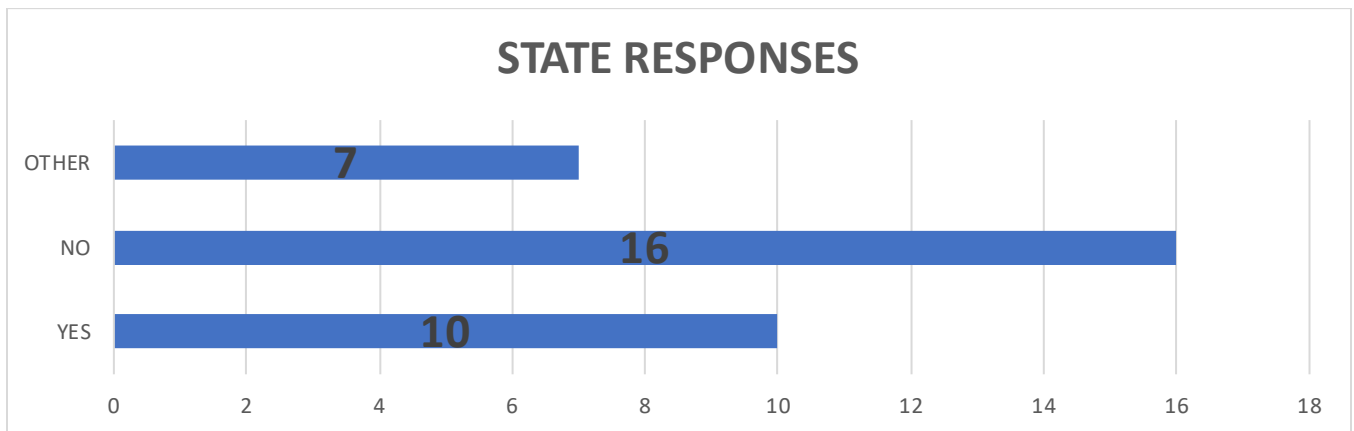
REGULATOR QUESTION: If a company wishes to file a form with the Department for use with a pending or approved form (reverse Mix and Match), would your department be supportive of requiring the company to have documentation from the Compact Office on the reasons why the form cannot be filed with the Compact?



SUBMITTED COMMENTS:

- *Under our current regulatory framework, a company would not be required to disclose the reason why a policy form cannot be filed with the Compact. There is not a requirement to file with the Compact. If a rider filed with the department will be attached to a policy pending review with the Compact, the department will not formalize a decision on the state form until the Compact filing was closed/approved.*
- *The Compact justification would be helpful to explain to the company, as well as hidden pitfalls for the state.*
- *Additional information would be helpful from a transparency perspective as well as an information perspective.*
- *If a filing is Compact eligible, the preference is it be filed through the Compact. It would be helpful in more cases to see why the form cannot be filed if the state.*
- *It would be helpful to know that the company filed with the Compact and either did not meet the Compact standards or is filing supplemental to the Compact filing due to state requirements.*

REGULATOR QUESTION: Does your state have limitations on companies issuing old forms in combination with newer forms? For example, can a company issue a 2021 approved/filed term life insurance policy with an aviation exclusion rider from 1979 or an additional term rider from 2007?



SUBMITTED COMMENTS:

- *Unless the old form has been replaced, there would be no limitation to using an older form.*
- *Companies have to supply the old form’s SERFF tracking number or form number. We review old form for compliance with current laws and regulations. If they are not compliant, require company to file replacement forms to bring them into compliance.*
- *No specific limitation on the use of “old” forms since no specific time frame that defines when a form is “old”. Any form that is out of compliance is required to be updated, refiled, and approved for use regardless of how much time has passed since approval.*
- *With the qualifier that the form is still compliant with state law.*
- *Although no limitations, department reviews for any legislative updates since the older form was approved. Additionally, department ensures the exclusion or rider is compliant with and not more restrictive than policy.*
- *Typically, the department does not want forms more than 7 years old. If noticed, will ask filer to update the form.*
- *Provided all the forms are in current compliance with state statutes.*

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REGULATOR QUESTION: Does your state have limitations on companies issuing old forms in combination with newer forms? For example, can a company issue a 2021 approved/filed term life insurance policy with an aviation exclusion rider from 1979 or an additional term rider from 2007?

SUBMITTED COMMENTS:

- *The old forms / riders must be consistent with current laws.*
- *The department has no complaints IF the newer forms comply with current statute and regulations.*
- *This would be permitted, but the older the previously-approved form is, the more likely the department is to request to review it (which may lead to a request to update it)*
- *Provided the old form complies with current laws and as long as company provides copy of old form with the filing.*
- *Would allow if the form was still compliant with state statutes, the decision would need to be made on a case-by-case basis.*
- *Department would ask the company to file the older form for review.*
- *Department would request new forms for anything 10 years or older.*
- *Department does not have any such limitations. Newer and older forms can be used in combination.*
- *Unless an older version of a rider or other form is not compliant with current state laws. Department would ask carriers to bring them into compliance.*
- *When company is issuing a new form to be used in conjunction with an older form, the department's primary concern is whether the old form is compliance, given changes that may have occurred with respect to statutes / rules.*
- *Department does not allow anything prior to when electronic filing requirements were created. As long as it was previously filed electronically, and properly referenced in the new filing, the department does not have a problem with previously approved forms.*
- *Anytime a form is used with older forms, the department takes that opportunity to review the older form and ensure it is still compliant with all the state's statutes and regulations.*
- *As long as the aviation exclusion rider continues to be applicable and there are no statutes/regulations to forbid using the exclusion.*

REGULATOR QUESTION: Please provide any general comments, issues or concerns with the current Mix and Match process of combining state-approved forms with Compact-approved forms.

SUBMITTED COMMENTS:

- *Allowing more products to use the Mix and Match option would be helpful to both industry and regulators.*
- *Department has a concern with states that are file and use. If the Compact has stricter standards than a state, the insurer may file a rider with the state and mix and match it with a Compact-approved base policy.*
- *Greater transparency is good for all so thank you for updating the process.*
- *Department has not documented any pattern of consumer complaints that arise due to mix and match confusion.*
- *Primary concern with companies filing forms in state only to be used with Compact forms. For example, a rider that is only to be used with a Compact policy. Or using compact-approved forms with a state-approved policy forms without first filing them for state approval. (Ex. Compact-approved application, supplement, etc.).*
- *The goal for mix and match should be to provide flexibility for insurers otherwise this process may provide little value. Especially when you consider that states may have a broader array of product forms versus the standards that the Compact has approved. An example is a wellness rider approved by the state to be used with a Compact-approved LTC rider – this should be allowed.*
- *Department has no concerns provided the state forms are in current compliance with state statutes.*
- *When a company files a form with the state, with the explanation that the compact will not allow the filing, it would be helpful to look-up the reason why the compact declined the review. For example, a status of “declined” in the compact with a reason, so the state sees the clarification from the compact rather than accepting the insurer’s explanation.*
- *The process has always worked well for Department but interested in the results of this survey and hearing how this process is working for other states.*

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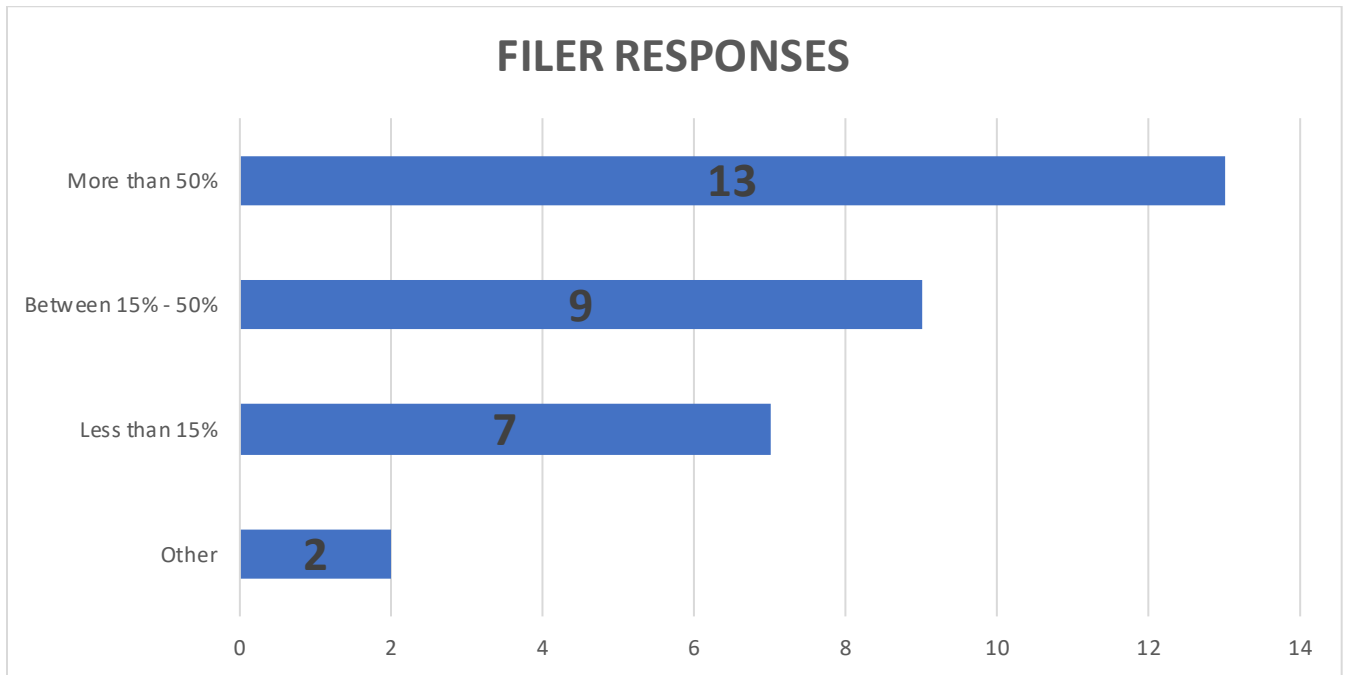
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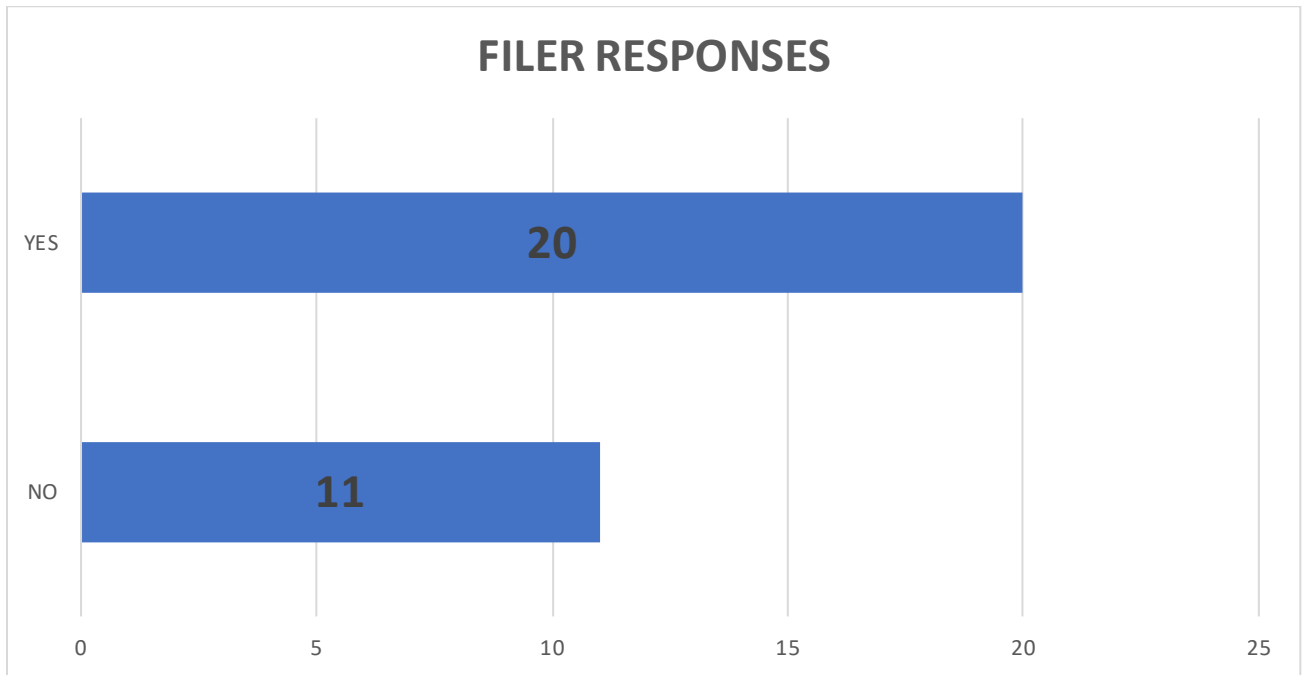
- *While mix and match helps with speed to market, it should be equitable. Mix and match should not be used to file riders / endorsements that reduce benefits under the policy.*
- *The Department allows mix and match with the clarification of these questions: 1) why form was not filed with the Compact for approval? 2) If answer is the Compact does not have Uniform Standards, the department requires the filer to certify that the Compact does not have the standard for the state-filed forms and the combination will not violate the rules of Mix and Match.*
- *Our understanding is that when a form is approved in a state, that is to be approved with previously approved Compact form, the filer is to go back into the Compact filing to update the Statement of Intent accordingly. It would be helpful if the Department could receive assurances that this was done for consistency. The Department feels like an open loop that should be closed through some easy form of communication.*
- *If a product is filed with the Compact, the Department believes the riders / endorsements for that product should also be filed with the Compact.*

COMPANY FILER
SURVEY
QUESTIONS AND
RESPONSES

FILER QUESTION: What percentage of your company's Compact filings since January 1, 2019 are marked as Mix and Match?



FILER QUESTION: Since January 1, 2019, has your company made state filings in which the state forms would be used in combination (Mix and Match) with Compact forms?



FILER QUESTION: If filed forms with states since January 1, 2019 for mix and match with Compact forms, please describe the specific reasons for filing the forms with the state instead of the Compact.

SUBMITTED COMMENTS:

- *Compact standards did not provide for certain benefits allowed by states.*
- *We state filed our registered indexed linked annuity because the Compact does not yet have standards for that type of annuity.*
- *Currently there is not a Compact standard for the rider that we filed in 2020.*
- *The forms are used for a product that has been both state filed (Single Premium Deferred Annuity) and compact-filed (Flexible Premium Deferred Annuity).*
- *Generally, file our state forms with the individual states when there are no Uniform Standards available.*
- *The Insurance Compact does not have standards to file under.*
- *State requirements of obtaining an agent response to replacement at the time of application. This is not a requirement of the Compact, so we satisfy it through a state specific filed form. Also, state regulations regarding acknowledgement and authorizations, HIV, etc.*
- *South Carolina forms after the state left the Compact.*
- *Use of previously state approved forms such as riders and applications that were already approved by the states and implemented where the company had no specific reason for refiling the forms other than to avoid mix and match. Compact Uniform Standards are not available – disability income rider.*
- *No adopted product standards for product type.*
- *Product design does not comply with standards.*
- *Only file a form through the state if they specifically opted out of the Uniform Standard.*
- *For the most part, it would be riders for which the Compact either did not have Uniform Standards (e.g., critical illness) or were opt-out state (long-term care).*
- *We use mix and match forms in order to maintain a state-specific arbitration clause.*
- *Filed forms with the state because the Insurance Compact did not have standards to allow review of this type of rider at the time.*

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FILER QUESTION: If filed forms with states since January 1, 2019 for mix and match with Compact forms, please describe the specific reasons for filing the forms with the state instead of the Compact.

SUBMITTED COMMENTS:

- *State laws requiring state specific language to appear on life and annuity applications (not allowed by Insurance Compact standards).*
- *State-specific exclusion form*
- *Regulatory changes or joining the Compact by a specific state.*
- *Company has one product that is filed with the states because the Compact does not have standards for the product.*
- *More flexibility with surrender options.*

FILER QUESTION: Please assign estimated percentages to the forms currently being issued by date originally legally implemented (the date form put into use).

CHOICES	75% – 100%	50% - 74%	25% - 49%	Less than 24%	Zero
1/1/2010 & after	23	4	0	3	1
1/1/2000 to 12/31/2009	1	2	2	16	10
1/1/1990 to 1/1/2000	0	0	0	17	14
1/1/1990 & before	0	0	0	12	19

FILER QUESTION: If applicable, why does your company continue to issue forms originally legally implemented before 1990?

SUBMITTED COMMENTS:

- *There are riders that have benefits that the Compact does not have standards for so we never refiled with the Compact. Further, if a state filed form is clear and effective, it should not be necessary to refile with the Compact.*
- *There have been no material changes needed for a very small subset of forms used.*
- *In some cases, adding optional riders after original policy issued.*
- *Company feels there has not been a need to change the forms that were filed in that timeframe.*
- *Company is working on updating these forms to be more current.*
- *The product form is still compliant and has not been updated to a more current version.*
- *No standards. . . forms continue to be compliant and no need to refile. And the forms continue to meet the needs of the customers.*
- *The company has not prioritized the effort necessary to update and file new versions of certain riders and continues this practice because it is allowed to do optional riders with low premium volume and other competing priorities.*
- *Experience varies by line of business. More boiler plate type forms filed many years ago still accommodate business needs.*
- *Uniform Standards do not allow these products.*

FILER QUESTION: Please provide any general comments, issues or concerns with the current Mix and Match process of combining state-approved forms with Compact-approved forms, including factors to be considered by Compact regulators when contemplating updates.

SUBMITTED COMMENTS:

- *Recommend any updates and changes be coordinated with an ample and known transition period with industry and / or companies to happen gradually so that companies may plan accordingly.*
- *Recommend Compact consider additional guidance as to what is allowed. The Compact does not currently have standard for certain products and riders and has referred filers to filing with the states which may result in mix and match. Guidance should be provided to allow these instances to continue to be permissible until standards are adopted.*
- *Consider developing an avenue for approval of products / riders for which Uniform Standards do not exist or for which the Compact standards are more limiting than what the states will allow.*
- *Mix and match remains especially important in connection with Compact-filed applications for use with older policies still available for issue and or needed when exercising certain contractual benefits for older, in-force policies.*
- *It would be nice if the Compact allowed for a Compact-issued rider to be issued with a state filed policy. Further, what is the purpose of the signed Statement of Intent. There should be greater clarity as to the type of forms that are eligible and ineligible for mix and match. There should be flexibility to delete / correct a mix and match entry after the filing is submitted.*
- *Some states are not reviewing certain rider forms that are used with Compact-approved policies even when there are no Compact standards.*
- *Ensuring all of the forms are listed accurately and completely within the Statement of Intent can be difficult.*
- *What value is the mix and match excel file to the Compact or the states. We like to be able to issue the product with the option to mix and match but would like to reduce large work effort of completing the Statement of Intent excel file.*

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FILER QUESTION: Please provide any general comments, issues or concerns with the current Mix and Match process of combining state-approved forms with Compact-approved forms, including factors to be considered by Compact regulators when contemplating updates.

SUBMITTED COMMENTS:

- *It is an inconvenience identifying all the miscellaneous forms that a state requires were filed and approved. If the Compact does not have standards for it, it seems odd that we have to inform the Compact what we are filing in the state.*
- *We have not used this feature since the early states of writing with the Compact. All of our forms are Compact or state specific due to the states that are not part of the Compact.*
- *Company feels mix and match is a valuable tool that should remain available, particularly with the recent South Carolina opt out.*
- *It is helpful to have the mix and match available for when the industry comes out with a new type of produce and the Compact has not had time to create Uniform Standards quickly enough. Company likes the current process.*
- *The ability to mix and match remains a critical component as support for the use of the Compact. Specifically, the company is looking to expand usage to include standard for lines of business. Company needs to take phased-in approach to implementing some forms due to system and resource constraints.*
- *We hope that mix and match will continue to be allowed. It helps reduce the number of forms / filings to make needed changes across multiple jurisdictions on older contracts.*
- *We made a concerted effort to eliminate all state forms when we began filing through the Compact in 2013 and have substantially avoided the needed to use mix and match.*
- *The mix and match process needs to be streamlined if possible.*
- *Mix and match was a great way to start utilizing the Compact Uniform Standards a) when the standards suite was much more limited, and 2) without having to refile all product components. Company is no longer using legacy forms for new issues.*
- *Works fine. Used mostly when a state joins the Compact and have an application or policy approved in the state but not both.*