



MEMORANDUM

TO: IIPRC Management Committee

FROM: Product Standards Committee

DATE: August 15, 2014

SUBJECT: Recommendation Pursuant to Section 119 of the Rulemaking Rule for Changes and Clarifications to certain Uniform Standards adopted between January 1, 2008 and June 30, 2009 (Phases 2, 3 and 4) Subject to the Five-Year Review Process

The Product Standards Committee (“PSC”) of the Interstate Insurance Product Regulation Commission (“IIPRC”) is charged with reviewing, drafting and recommending proposed drafts of Uniform Standards for consideration and adoption by the Management Committee. In carrying out its charge, the PSC has conducted a review of all Uniform Standards adopted between January 1, 2008 and June 30, 2009 and is recommending amendments to certain provisions within these Uniform Standards mainly for the purpose of clarification, conforming amendments for items previously amended in Phase 1 of the Five Year review and technical, formatting corrections.

The PSC presents this recommendation pursuant to §119 of its Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission (“Rulemaking Rule”) which requires the Commission to substantially review its rules, including Uniform Standards, every five years. The PSC performed the review of these Uniform Standards in accordance with the Procedures for Implementing §119 of the Rulemaking Rule as adopted by the Management Committee on March 2, 2012 (“Procedures”).

This recommendation covers three phases of the Five Year Review, bring the review process up to date. The Notice of Five-Year Review of Uniform Standards Adopted on or before June 30, 2008 was issued on January 2, 2013, the Notice of Five-Year Review of Uniform Standards Adopted on or before December 31, 2008 was issued on August 1, 2013 and the Notice of Five-Year Review of Uniform Standards Adopted on or before June 30, 2009 was issued on January 2, 2014. Comments were submitted by the Industry Advisory Committee and a filing company.

Pursuant to the Procedures, the IIPRC Office presented a report and recommendation to the Product Standards Committee on June 18, 2014. The IIPRC Office Report and Recommendation provided a detailed description of the submitted comments and suggested changes as well as changes or amendments proposed by the IIPRC Office based on these comments and challenges faced in applying or implementing the Uniform Standards. The PSC requested public written comments on the IIPRC Office Report and Recommendation and during its consideration process held two public conference calls to receive comments on the PSC’s questions and recommendations.

The revised IIPRC Office Report and Recommendation is divided into four parts: (1) Substantive Changes (proposed amendments that would change or alter the meaning, application or interpretation of the provision); (2) Clarification Changes (amendments to clarify the original or existing meaning, application, and/or intent of a provision); (3) Conforming Amendments (amendments to existing Uniform Standards where the substantive provisions of the amendments are included in other adopted Uniform Standards and the amendments will have the same substantive effect on the application of the existing Uniform Standards as it does on in the other adopted Uniform Standard. As part of the Five Year Review process, the applicable changes adopted by the Commission in the Phase One process will be presented as conforming amendments to standards subject to Phases 2, 3 and 4 of the process.); and (4) Technical Changes (formatting, typographical, and/or drafting corrections). As required by the Procedures, the PSC's recommendation to the Management Committee includes a summary of recommended changes and an explanation of the change in circumstances or underlying assumptions since the rule was last adopted, amended or reviewed, as well as comments raised but not recommended by the committee with the reasons, if any, for not recommending these items. Since the conforming amendments were already summarized in Phase One of the Five Year review and since the technical changes are format and typographical corrections, these items are not detailed on the attached summary chart. The chart providing a Summary of Five-Year Review Comments and PSC Recommendations for Uniform Standards in Phases 2, 3 and 4 accompanies this Transmittal Memo.

As was previously recommended in Phase One, the PSC recommends that the proposed amendments apply only to new filings received after the effective date of the amendments. It is not necessary to resubmit previously approved forms to comply with these amendments, or to suspend use of previously approved forms that do not comply with these amendments.

This Summary will be posted to the Rulemaking Docket of the IIPRC website – www.insurancecompact.org – and will have links to the applicable Uniform Standards showing the proposed five-year review changes in redlined format. The PSC is available to respond to any questions to assist the Management Committee during its rulemaking process.