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## MEMORANDUM

**TO:** IIPRC Management Committee

**FROM:** Product Standards Committee

**DATE:** March 13, 2017

**SUBJECT:** Recommendation Pursuant to Section 119 of the Rulemaking Rule for Changes and Clarifications to certain Uniform Standards Effective Between January 1 and July 3, 2011 (Phase 7) Subject to the Five-Year Review Process

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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 the Uniform Standards effective between January 1 and July 3, 2011 and is recommending amendments to certain provisions within these Uniform Standards.

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”).

The Notice of Five-Year Review for Uniform Standards Effective between January 1 and July 3, 2011 was issued on January 5, 2016. Comments were submitted by the Oregon Insurance Division, the Pennsylvania Department of Insurance, the Industry Advisory Committee, Zurich American Life Insurance Company and Pacific Life Insurance Company.

Pursuant to the Procedures, the IIPRC Office presented a report and recommendation to the Product Standards Committee on October 11, 2016. 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 internal 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 report and the PSC recommendations.

The final Product Standards Committee 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) Clarifications 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) and; 4) Technical Items (formatting, typographical, and/or drafting corrections). As part of the Five-Year Review process, the applicable changes adopted by the Commission in prior phases of the Five-Year Review process will be presented as conforming amendments to Uniform Standards subject to Phase 7.

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 for not recommending these items. Since the conforming amendments were already summarized in prior phases of the Five-Year Review and since the technical changes are format and typographical corrections, these items are not detailed on the chart. The Summary of Five-Year Review Comments and PSC Recommendations for Uniform Standards in Phase 7 accompany this Transmittal Memo.

As was previously recommended in prior Five-Year Reviews, 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](http://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.