

Draft: 4/11/18

Market Conduct Examination Standards (D) Working Group
Conference Call
April 5, 2018

The Market Conduct Examination Standards (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met via conference call April 5, 2018. The following Working Group members participated: Bruce R. Ramage, Chair, Martin Swanson and Cindy Williamson (NE); Jim Mealer, Vice Chair, and Cynthia Amann (MO); Melissa Grisham, Jimmy Harris and Mel Heaps (AR); Bruce Glaser (CO); Kurt Swan (CT); Cliff Day (DC); Debra Peirce (GA); Lindsay Bates (IA); Russell Hamblen (KY); Richard Bradley and Mary Lou Moran (MA); Paul Hanson (MN); Denise Lamy and Edwin Pugsley (NH); Cliff Day (NJ); Peggy Willard-Ross (NV); Mark McLeod and Sauhung You (NY); Rodney Beetch and Angela Dingsus (OH); Brian Gabbert and Joel Sander (OK); Julie Fairbanks and Yolanda Tennyson (VA); John Haworth and Jeanette Plitt (WA); and Barbara Belling, Sue Ezalarab and Darcy Paskey (WI).

1. Adopted Annuity Standardized Data Requests, March 27 Draft

The Working Group reviewed six draft annuity standardized data requests—addressing in force contracts, replaced contracts, new business declinations, plan codes, payment/withdrawal/surrender and claims—for inclusion in the reference documents of the *Market Regulation Handbook* (Handbook). Director Ramage said the annuity-related standardized data requests, which the Working Group began reviewing in October 2017, were revised in response to some of the changes suggested by the American Council of Life Insurers (ACLI) in November 2017. Mr. Hamblen made a motion, seconded by Ms. Plitt to adopt the annuity standardized data requests revised March 27 regarding: 1) in force contracts; 2) replaced contracts; 3) new business declinations; 4) plan codes; 5) payment/withdrawal/surrender; and 6) claims (Attachment XXXXXX). The motion passed unanimously.

2. Discussed a Draft Procedures Document Updating the Handbook, March 27 Draft

Director Ramage said a new draft document outlining the procedures for updating the *Market Regulation Handbook* was developed for the purpose of documenting how changes are made to the Handbook. Lisa Tate (ACLI) suggested that in order to improve the flow of the document, the last sentence in Item 5 be moved to the beginning of Item 5. Director Ramage asked that any additional comments and suggested changes be shown in redline and forwarded to NAIC staff by April 27.

3. Discussed Other Matters

Director Ramage said NAIC staff will provide advance email notice of the next Working Group conference call.

Having no further business, the Market Conduct Examination Standards (D) Working Group adjourned.

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PROCEDURES FOR AMENDING THE MARKET REGULATION HANDBOOK

The procedures that the Market Conduct Examination Standards (D) Working Group (Working Group) follows for changes, amendments and/or modifications to the *Market Regulation Handbook* (Handbook) follow.

1. When Working Group members or NAIC support staff identify an issue that could lead to relevant changes to the Handbook, an initial draft is prepared by NAIC staff, with input from the chair of the Working Group and regulator subject matter experts, as needed.
2. Exposure drafts are exposed for comment prior to open Working Group meetings, then reviewed and discussed during open Working Group meetings. Comments and suggested revisions received from regulators and interested parties may be incorporated into reviewed exposure drafts. The Working Group adopts amendments to the Handbook by a majority vote at open meetings.
3. Initial comment periods on Working Group exposure drafts are 30 days in length. The Working Group may consider an additional exposure period of less than 30 days, for subsequent revisions to the same draft.
4. Working Group members, interested regulators and interested parties are notified of the Working Group's consideration of new or revised content for the Handbook in advance of the meeting via email and on the NAIC website.
5. Changes adopted by the NAIC Executive (EX) Committee and Plenary by the end of a given calendar year are included in the subsequent year's Handbook. After the adoption of Handbook changes by the Market Regulation and Consumer Affairs (D) Committee, the changes are posted on the Market Regulation Handbook Updates web page on StateNet for regulators and on the Market Regulation Handbook Updates web page, for purchasers of the current edition of the Handbook. ~~Changes adopted by the NAIC Executive (EX) Committee and Plenary by the end of a given calendar year are included in the subsequent year's Handbook.~~
6. Every volume of the Handbook specifies that the Handbook contains all NAIC guidance adopted in the previous calendar year.

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From: Lisa Tate [<mailto:LisaTate@acli.com>]
Sent: Friday, April 27, 2018 9:39 AM
To: Wallace, Petra
Subject: ACLI Proposed Revision: Para #5 of Procedures for Amending the Mkt. Reg. Handbook

Petra,

Below is revised text proposed by ACLI for paragraph #5 of the March 27th draft of the [Procedures for Amending the Market Regulation Handbook](#). As ACLI mentioned on the most recent call of the Examination Standards Working Group call, it seemed that the ordering of the events described in paragraph #5 were out of sequence and somewhat confusing. The below is offered for consideration as an alternative.

“Revised or new content adopted by the Working Group and the Market Regulation and Consumer Affairs (D) Committee is considered by the NAIC Executive (EX) Committee and Plenary. Changes approved by the Executive Committee and Plenary by the end of a given calendar year will be included in the subsequent year’s Handbook. The changes will be posted on the Market Regulation Handbook Updates web page on StateNet for regulators and on the Market Regulation Handbook Updates web page for purchasers of the current edition of the Handbook.”

Please let me know if you have any questions or need additional information.

Thank you,

Lisa

Lisa Tate
American Council of Life Insurers
Vice President, Litigation & Associate General Counsel
(202) 624-2153 t (866) 953-4096 f
lisatate@acli.com



www.acli.com

101 Constitution Ave., NW, Suite 700
Washington, DC 20001-2133

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