

SECTION 7: SUMMARY OF ALL PUBLIC COMMENTS



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

SUMMARY OF ALL PUBLIC COMMENT

The Insurance Department sought comment through publication of Notice of Intent to amend the regulations to solicit comment. The Insurance Department received one comment from the Insurance Association of Connecticut ("IAC") and the American Council of Life Insurers ("ACLI") by letter dated December 4, 2014. A copy of the comment letter is attached hereto. No public hearing was held.

The IAC and ACLI requested the Department replace the time limits for filing in the current regulation. The Department made the requested changes by removing the two step process for approval of filings because it extended the review process unnecessarily. In so doing, the Department removed the fifteen day initial review and added the fifteen days normally used for the initial review to the regular review process to better facilitate the discussion between the companies and the Insurance Department. In response to the IAC's comments, the Department kept the remaining time periods for the review process, but shortened the time periods allowed on the length of time for extensions and response time for additional requested information in order to not impede or slow down companies' access to the market place.

The IAC and ACLI asked the Department to remove the requirement that all contracts only use state specific language or be disapproved. The department declined to accept this suggestion. In the interest of improving speed to market, this provision allows the Department to review cleaner forms, and thus approve the filings more quickly. Also, this provision is a consumer protection because it allows for delivery of less lengthy and complicated contracts to consumers.

The IAC and ACLI asked the Department to remove all references to a paper filing transmittal letter because SERFF allows for that information to be transmitted electronically. The Department agreed with this recommendation and made the requested changes.

The IAC and ACLI asked the Department to remove the request for attachment of prior filings when referencing an earlier filing in favor of attaching the SERFF tracking number instead. The Department agreed with this recommendation and made the requested changes.

The IAC and ACLI asked the Department to reconsider the use of paper filings in light of all submissions being required through SERFF. The Department agreed with this recommendation and made the requested changes.

The IAC and ACLI asked the Department to remove the reference to annuity products in this section. The Department agreed with this recommendation and made the requested changes.



December 4, 2014

The Honorable Thomas B. Leonardi
Commissioner
Connecticut Insurance Department
P.O. Box 816
Hartford, Connecticut 06142-0816

Via Email: Kristin.Campanelli@ct.gov; Patricia.Butler@ct.gov

Re: Proposed Regulation Concerning Amendments to life and health regulations including policy form approval and electronic filing

Dear Commissioner Leonardi:

The IAC and ACLI are writing to express the industry's concerns with the Department's proposed regulation regarding amendments to life and health regulations including policy form and approval. The purpose of the development of the "*Amendments to life and health regulations including policy form approval and electronic filing*" is to respond to the Governor's Executive Order 37 that was designed to address "obsolete, duplicative, excessively burdensome, or otherwise unnecessary" regulations. The industry appreciates the department's initiative in attempting to be responsive to the Governor's order by updating existing regulations. However, some of the changes incorporated in the proposed regulation actually overlook some existing SERFF functionalities and incorporate provisions that make the company form filing process more burdensome and the Department form review process less efficient.

First, the proposal would remove the existing requirements for the Department's initial determination of a filing's status as complete or incomplete (currently regulation Sections 38a-430-1 to 38a-430-3 require the Department to complete review of a filing within 15 days of receipt). The proposal also removes the time limit relating to a filing's status as approved or disapproved once accepted for review (currently regulation Sections 38a-430-1 to 38a-430-3 requires approval or disapproval within 75 days). It is unclear why these changes are necessary. The removal of these longstanding deadlines introduces uncertainty into the timing of filings, and could potentially slow down a company's access to the Connecticut market place and Connecticut consumers' access to products. Although the proposed timeframe removals may be considered a positive: the review of filings can be conducted without predicated time frames that in the past may have interfered with the review process and the ongoing discussion that company filing staff and Department staff were engaged in; the existing time frames establish expectations for a filing review metric and have helped to get some filings processed faster than if such metric was not in place. In light of the insurance industry's current effort to work with the Department on increased flexibility for approving products that have evolved based on consumer need, and such filings may take more time to review and process as other filings, it is easy to understand why the industry is concerned about the intent of the proposed filing time frame changes. Once we better understand the reasons for the proposed changes, we

may be able to offer some alternative solutions, and work with the Department in crafting language that better balances the concerns that outright removal creates while still achieving the Department's objective.

Second, the proposal adds language to Section 38a-430-3 which would require that every filing, "be state specific . . . [and] any non-state specific language will lead a filing to be disapproved." Again it is unclear the department's objective for adding such language. There are good reasons why companies include other state required language in the filings submitted to Connecticut as well as other states. One example is the fraud warning requirement. There are over 10 state variations of this requirement and companies typically include all of the requirements in the forms that require such a warning - this is a practical approach to what otherwise would require state specific forms. Another example is extraterritorial requirements of other states. For example, if New Jersey has an extraterritorial requirement that would impact a New Jersey resident covered under a Connecticut policy, that New Jersey requirement, even if only applicable to New Jersey residents, needs to be filed for approval in Connecticut because the language has to be included under the Connecticut policy. It should be noted that when other state requirements are included in Connecticut or other state filings, that the language that is only applicable to residents of specific states includes a heading that typically states: "The following language is only applicable to resident of [State Name]". The expectation is that Connecticut would only be approving what is within its jurisdiction to approve. Connecticut and other states have accepted this approach for many years. Other financial institutions, such as banks and mutual funds, also follow this "all inclusive" approach. Amending this widely accepted practice will unnecessarily complicate Connecticut filings while resulting in great inefficiencies and will be extremely burdensome to the industry. We respectfully request that the Department reconsider the inclusion of this new language.

The changes contemplated in Sec. 38a-430-2 regarding SERFF filings are also problematic. Specifically a "letter" is no longer needed in SERFF because a filing transmittal document was developed that has fields which include "letter" information. This requirement should be re-worded to accommodate the SERFF transmittal document.

The new subsection (f) of Sec. 38a-481-2 has a requirement for the filing of forms which refer to previously approved forms and industry believes this the requirement to submit a copy of the previously approved form is no longer necessary in SERFF filings. Companies should be allowed to provide the SERFF Tracking Number for the previously approved form. The SERFF Tracking Number was developed to allow states and companies to be able to archive filings and refer to these with ease thus avoiding resubmission of forms already on file in SERFF. SERFF also has search tools that would facilitate a state's need to locate specific filing records, such as searching by the SERFF Tracking Number

The proposed change to Sec. 38a-430-3 (d) references paper filing, whereas the next section addresses "electronic filing". In the comments submitted above we discuss the potential implication of removing filing review timeframes and note that in the paper environment the filing review timeline metric would be significantly different from a SERFF filing metric. From the perspective of a company filer and a Department reviewer, a SERFF filing is more expeditious than a paper filing. We are not aware of companies who submit paper filings today and seek clarification if the Department is indeed accepting paper filings today.

Finally, the inclusion of annuities to the definition of accelerated death benefits in Sec. 38a-457-1 is confusing. The industry is unaware of the existence of such a product on the market today. We believe that at one time when the accelerated death benefit concept was introduced that those drafting legislation intended to be as permissive as possible and maybe this is why annuities were included. However, in today's marketplace, such a product does not exist.

We welcome the opportunity to continue discussion of the proposed regulation with the Department and to work with the Department to amend the proposed regulation to address the industry's concerns.

Thank you for your consideration.

Sincerely,



Susan Giacalone
Counsel
IAC



Kate Kiernan
ACLI
Vice President, Chief Counsel & Deputy

Cc: Anne Melissa Dowling, Deputy Insurance Commissioner, Connecticut Insurance Department
Mary Ellen Breault, Director, Life & Health Division, Connecticut Insurance Department
Kristin M. Campanelli, Counsel, Connecticut Insurance Department



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Tuesday, December 16, 2014

(via email - SusanGiacalone@aol.com)

Susan D. Giacalone, Esq.
Counsel
Insurance Association of Connecticut
21 Oak Street, Suite 607
Hartford, CT 06106
Re: Proposed Amendments to the Life and Health Insurance Regulations

Dear Attorney Giacalone:

Thank you for your submitted comments relating to the proposed amendments to the Life and Health Insurance regulations. In order to best address them, I will discuss them in the order in which they were submitted.

- 1.) 38a-430-3 – time limits for filings – You asked us to replace the time limits for filing in the current regulation. We have made the requested changes. We removed the two step process for approval of filings because it extended the review process unnecessarily. In so doing, we removed the fifteen day initial review and added the fifteen days normally used for the initial review to the regular review process to better facilitate the discussion between the companies and the Insurance Department. In response to your comments, we kept the remaining time periods for the review process, but shortened the time periods allowed on the length of time for extensions and response time for additional requested information in order to not impede or slow down companies' access to the market place.
- 2.) 38a-430-3 – state specific language – You asked us to remove the requirement that all contracts only use state specific language or be disapproved. The department declines to accept this suggestion. In the interest of improving speed to market, this provision allows us to review cleaner forms, and thus approve the filings more quickly. Also, this provision is a consumer protection because it allows for delivery of less lengthy and complicated contracts to consumers.
- 3.) 38a-430-2 - “letter” requirement obsolete because SERFF has electronic capability – You asked us to remove all references to a paper filing transmittal letter because SERFF allows for that information to be transmitted electronically. We have agreed with this recommendation and have made the requested changes.
- 4.) 38a-481-2 – use of a SERFF tracking number in lieu of attachment of prior filings to documents – You asked us to remove the request for attachment of prior filings when referencing an earlier filing in favor of attaching the SERFF tracking number instead. We have agreed with this recommendation and have made the requested changes.
- 5.) 38a-430-3 - paper filing is obsolete- You have asked us to reconsider the use of paper filings in light of all submissions being required through SERFF. We have agreed with this recommendation and have made changes to reflect current electronic filing processes.

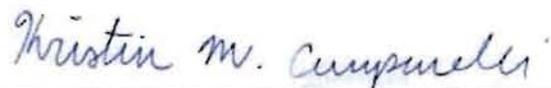
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6.) 38a-457 – annuity products – You have asked us to remove the reference to annuity products in this section. We have agreed with this recommendation and have made the requested changes.

Thank you again for your comments and for the telephone conversation to clarify some of your points. We appreciate your collaboration and assistance. I have attached a copy of the updated regulations.

Sincerely,

A handwritten signature in blue ink that reads "Kristin M. Campanelli". The signature is written in a cursive style and is positioned above a horizontal line.

Kristin M. Campanelli
Counsel

cc- Mary Ellen Breault, Kate Kiernan