



MEMORANDUM

To: Product Standards Committee

From: IIPRC Office

Date: August 13, 2013

Subject: Proposed Framework for Report on 5-Year Review of Uniform Standards

Overview

Pursuant to the procedures adopted by the Management Committee in March 2012 for implementing the 5-year review process specified in Section 119 of the Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission (IIPRC), the IIPRC Office is preparing to provide its Report and Recommendation to the Product Standards Committee (PSC) for the Uniform Standards currently subject to 5-year review.¹ These procedures are attached as Appendix 1. The procedures limit the scope of review under Section 119 to identifying “the need for continuation, repeal or amendment of the rule based primarily on whether circumstances or underlying assumptions have changed since the last time the rule was adopted, amended or reviewed.”

The procedures require the IIPRC Office to issue notice and have a 60-day comment period with regards to the Uniform Standards subject to periodic review. On July 1, 2012, the IIPRC Office issued the requisite notice for 30 Uniform Standards adopted on or before December 31, 2007. The Uniform Standards adopted prior to December 31, 2007 and subject to 5-year review are listed in Appendix 2.

The IIPRC received comments from the Industry Advisory Committee and from one company (collectively referred to as Comments). These Comments are attached as Appendix 3 and posted

¹ The Interstate Insurance Product Regulation Compact defines a rule to include a Uniform Standard developed in accordance with the Compact.

on the IIPRC Docket (http://www.insurancecompact.org/compact_rlmkng_docket.htm). The IIPRC Office report and recommendation will provide a detailed description of the comments and suggested changes raised during the comment period along with clarifications and changes proposed by the IIPRC Office.

The IIPRC Office proposes organizing its report and recommendation as follows: (1) technical items; (2) clarification items; and (3) substantive change items. Within each category, the Report will focus first on items that are common across Uniform Standards and second on items that affect specific Uniform Standards. We propose the following definitions and presentation for each category.

Technical Items

Technical items are proposed changes and corrections to the Uniform Standards to make formatting, typographical, and/or drafting corrections that would not change the meaning or effect of the provision, or the current application and interpretation of the provision or applicable Uniform Standards. Technical items would also encompass changes that would make the Uniform Standards consistent with one another where appropriate, in terms of formatting and wording. The IIPRC Office will insert and clearly distinguish technical items in the Uniform Standards. As has been the practice when making technical changes to the Uniform Standards during the rulemaking process, these technical items will not be specifically discussed unless there is a concern or question raised by members, regulators, or interested parties.

Clarification Items

Clarification items are proposed edits to clarify the meaning, application, and/or intent of a provision in the Uniform Standard. Clarification items would not change the meaning or effect of the provision or the current application and interpretation of the provision or Uniform Standard, but would provide further or detailed explanation, description, or specification to the language in the Uniform Standard. The clarification items are compiled not only from suggestions or issues in the Comments but also from questions, issues, and circumstances that have arisen in the application and interpretation of the Uniform Standards by the IIPRC product and actuarial reviewers. Based upon the feedback of the PSC, the IIPRC Office will insert and clearly distinguish clarification items in the Uniform Standards, as well as list the clarification items in consolidated memo or table format.

Substantive Change Items

Substantive change items are proposed amendments to the Uniform Standards that would change or alter the meaning, application, or interpretation of the provision. Substantive change items would likely impact not only the Uniform Standards, but product filings submitted to the IIPRC and would be the equivalent to a change in an individual state's laws or regulations. The scope of review for substantive change items should consider whether circumstances or underlying

assumptions have changed since the last time the rule was adopted, amended or reviewed. The substantive change items are compiled from suggestions or issues in the Comments or raised by the IIPRC Office from questions, issues, and circumstances that have arisen in conjunction with the product filing review process.

The applicable procedures require that any recommendations to amend or repeal Uniform Standards accepted by the Management Committee shall be accomplished in accordance with the formal rulemaking process, which will afford additional opportunities for review and public participation before any amendment becomes effective.

