

August 17, 2015

The Honorable Daniel Judson
Commissioner
Division of Insurance
1000 Washington Street, 8th Floor
Boston, MA 02118

Dear Commissioner Judson:

The Life Insurance Association of Massachusetts appreciates the opportunity to participate in the Division of Insurance's regulatory review efforts.

LIAM has previously commented on 211 CMR 65 – LONG TERM CARE INSURANCE. We would like to provide additional comments on **211 CMR 39 -- ANNUITY MORTALITY TABLES FOR USE IN DETERMINING RESERVE LIABILITIES FOR ANNUITIES AND 211 CMR 55 -- DISCLOSURE REQUIREMENTS FOR LIFE INSURANCE POLICIES WITH ACCELERATED BENEFIT PROVISIONS AND ANNUITY CONTRACTS WITH WAIVERS OF SURRENDER CHARGES FOR EARLY WITHDRAWAL OF ANNUITY PROCEEDS IN THE EVENT OF TOTAL AND PERMANENT DISABILITY.**

With respect to 211 CMR 39, we respectfully suggest that the Division of Insurance update the regulation by adopting the NAIC 2012 Individual Reserve Table (2012 IAR) as the reserve standard for new annuity contracts as defined in the NAIC Model 821. To date, 35 states have promulgated regulations to adopt the NAIC 2012 Individual Reserve Table and 5 other states are expected to adopt the 2012 Table this year. We believe that it is important for the Table to be adopted uniformly across states and thus urge you to join the majority of other states by updating 211 CMR 39.

With respect to 211 CMR 55, we respectfully urge the Division of Insurance to consider adopting the current NAIC Accelerated Benefits Model Regulation. 211 CMR 55 requires a very onerous calculation to be performed before the benefit rider may be exercised for a life insurance policy or annuity. The regulation also provides that a specific disclosure form be used for this purpose. The Model requires a disclosure but allows insurers discretion in its design so long as requirements are met.

The calculation required in the Massachusetts form asks for a projection of cash values based on a comparison of the impact on the policy of a claim that is processed versus policy values if the acceleration is not exercised. While carriers do provide this comparison based upon current value and death benefit impact in other states, Massachusetts asks that these values be presented hypothetically at ages 40, 50, 60, 65, 70 and 75. Although companies can obtain projected if not guaranteed values for these years, it is not always easy to calculate them quickly. Accelerated death benefit claim requests are urgent matters which must be responded to promptly. Anything that slows down carriers' ability to do that is potentially harmful to our policy owners and insureds. We are concerned that Massachusetts claimants may be unintentionally disadvantaged through the current regulation's unique disclosure requirements. The NAIC Model regulation requires insurers to provide informative details, but does not require a policy specific calculation over a future time frame as part of the disclosure. Companies develop their own disclosures that meet that meet these requirements and provide the policyholder with the information they need in order to make a decision about following through on a claim for such benefits. The Model's more flexible approach allows carriers to respond quickly while also providing timely and useful comparative information based on current values to a claimant along with other important disclosure information.

In addition, we believe that some of the required disclosures under 211 CRM may not actually provide useful information. For example, it is unclear what the value is in projecting examples of future policy value scenarios over 5, 10, 30 year or even longer spans of time when the insured is only eligible for the benefit if a doctor is able to confirm and/or we are provided with other evidence that the insured's life expectancy is much shorter than that. This might make sense for a chronic illness rider, but not for a rider offering only an acceleration of death benefit.

Thank you for the opportunity to participate in these comment sessions. We would be happy to provide you with any additional information you may need regarding 211 CMR 39 and 55.

Sincerely

Luke A. Dillon
President and Chief Executive Officer