Notice of Intent to Adopt Rules

A copy of the proposed rules may be obtained at http://rules.wyo.gov

Revised September 2016

1. General Information

a. Agency/Board Name Department of Insurance		
b. Agency/Board Address 106 E. 6th Avenue	c. City Cheyenne	d. Zip Code 82002
e. Name of Agency Liaison Heather Canarecci	f. Agency Liaison Telephone Number 307-777-6916	
g. Agency Liaison Email Address doi.rules@wyo.gov		
h. Date of Public Notice December 28 2016	i. Comment Period End Date February 22, 2017	
j. Public Comment URL or Email Address: doi.rules@wyo.gov		
k. Program General		

2. Legislative Enactment

For purposes of this Section 2, "new" only applies to regular rules promulgated in response to a Wyoming legislative enactment not previously addressed in whole or in part by prior rulemaking and does not include rules adopted in response to a federal mandate.

a. Are these rules new as per the above description and the definition of "new" in Chapter 1 of the Rules on Rules? No

☒ No. ☐ Yes. Please provide the Enrolled Act Numbers and Years Enacted:

3. Rule Type and Information

a. Provide the Chapter Number, Title, and Proposed Action for Each Chapter.

Please use the Additional Rule Information form for more than 10 chapters, and attach it to this certification.

Chapter Number:	Chapter Name:			
6	Rules	☐ New	☐ Amended	☒ Repealed
7	Information Required in Proxy Statement	☐ New	☐ Amended	☒ Repealed
8	Proxy Solicitation in an Election Contest - Information Required	☐ New	☐ Amended	☒ Repealed
19	After Market Parts (After Market Parts Regulation)	☐ New	☒ Amended	☐ Repealed
28	Privately Owned Cemeteries (Regulation Governing Perpetual Care Trust Funds for Privately Owned Cemeteries)	☐ New	☒ Amended	☐ Repealed
38	Allocation of Premium for Purpose of Taxation (Regulation Governing Allocation of Premium for the Purpose of Taxation)	☐ New	☒ Amended	☐ Repealed
39	Disclosure Requirements for Replacement Cost/Actual Cash Value Policy (Regulation Governing Disclosure Requirements for Replacement Cost and Actual Cash	☐ New	☐ Amended	☒ Repealed
40	Universal Life Insurance	☐ New	☒ Amended	☐ Repealed
46	Premium Trust Accounts (Regulation Governing Premium Trust Accounts)	☐ New	☒ Amended	☐ Repealed
51	Uniform Health Claim Forms (Uniform Health Claim Forms Regulation)	☐ New	☒ Amended	☐ Repealed

4. Public Comments and Hearing Information

a. A public hearing on the proposed rules has been scheduled. ■ No. ☐ Yes. Please complete the boxes below.

Date:	Time:	City:	Location:

b. What is the manner in which interested persons may present their views on the rulemaking action?

■ By submitting written comments to the Agency at the physical and/or email address listed in Section 1 above.

☐ At the following URL: _____

A public hearing will be held if requested by 25 persons, a government subdivision, or by an association having not less than 25 members. Requests for a public hearing may be submitted:

■ To the Agency at the physical and/or email address listed in Section 1 above.

☐ At the following URL: _____

c. Any person may urge the Agency not to adopt the rules and request the Agency to state its reasons for overruling the consideration urged against adoption. Requests for an agency response must be made prior to, or within thirty (30) days after adoption, of the rule, addressed to the Agency and Agency Liaison listed in Section 1 above.

5. Federal Law Requirements

a. These rules are created/amended/repealed to comply with federal law or regulatory requirements. ■ No. ☐ Yes. Please complete the boxes below.

Applicable Federal Law or Regulation Citation:

Indicate one (1):

☐ The proposed rules meet, but do not exceed, minimum federal requirements.

☐ The proposed rules exceed minimum federal requirements.

Any person wishing to object to the accuracy of any information provided by the Agency under this item should submit their objections prior to final adoption to:

☐ To the Agency at the physical and/or email address listed in Section 1 above.

☐ At the following URL: _____

6. State Statutory Requirements

a. Indicate one (1):

■ The proposed rule change *MEETS* minimum substantive statutory requirements.

☐ The proposed rule change *EXCEEDS* minimum substantive statutory requirements. Please attach a statement explaining the reason that the rules exceed the requirements.

b. Indicate one (1):

■ The Agency has complied with the requirements of W.S. 9-5-304. A copy of the assessment used to evaluate the proposed rules may be obtained:

☐ By contacting the Agency at the physical and/or email address listed in Section 1 above.
☐ At the following URL: _____

☐ Not Applicable.

7. Additional APA Provisions

a. Complete all that apply in regards to uniform rules:

☒ These rules are not impacted by the uniform rules identified in the Administrative Procedure Act, W.S. 16-3-103(j).

☐ The following chapters do not differ from the uniform rules identified in the Administrative Procedure Act, W.S. 16-3-103(j):

_____

(Provide chapter numbers)

☐ These chapters differ from the uniform rules identified in the Administrative Procedure Act, W.S. 16-3-103(j) (see Statement of Principal Reasons).

_____

(Provide chapter numbers)

b. Checklist

☒ The Statement of Principal Reasons is attached to this Notice and, in compliance with Tri-State Generation and Transmission Association, Inc. v. Environmental Quality Council, 590 P.2d 1324 (Wyo. 1979), includes a brief statement of the substance or terms of the rule and the basis and purpose of the rule.

☒ If applicable: In consultation with the Attorney General's Office, the Agency's Attorney General representative concurs that strike and underscore is not required as the proposed amendments are pervasive (Chapter 3, *Types of Rules Filings*, Section 1, Proposed Rules, of the Rules on Rules).

8. Authorization

a. I certify that the foregoing information is correct.

Printed Name of Authorized Individual	Tom Glause
Title of Authorized Individual	Insurance Commissioner
Date of Authorization	December 28, 2016

Additional Rule Information

Revised September 2016

1. General Information

a. Agency/Board Name Department of Insurance		
b. Agency/Board Address 106 E. 6th Avenue	c. City Cheyenne	d. Zip Code 82002
e. Na Name of Agency Liaison Heather Canarecci	f. Agency Liaison Telephone Number 307-777-6916	
g. Agency Liaison Email Address doi.rules@wyo.gov	h. Adoption Date	
i. Program General		

2. Rule Type and Information, Cont.

a. Provide the Chapter Number, Title, and Proposed Action for Each Chapter.

Chapter Number:	Chapter Name:	New	Amended	Repealed
57	Custodial Agreements and the Use of Clearing Corporations (Regulation on Custodial Agreements and the use of Clearing Corporatior	☐	■	☐
60	Regulation of Military Sales Practices	☐	■	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐

If Needed

Office of the Attorney General

Governor
Matthew H. Mead

Attorney General
Peter K. Michael

Civil Division
Kendrick Building
2320 Capitol Avenue
Cheyenne, Wyoming 82002
307-777-7886 Telephone
307-777-3687 Fax

Chief Deputy Attorney General
John G. Knepper

Division Deputy
Ryan Schelhaas

December 13, 2016

Ms. Becky McFarland
Wyoming Department of Insurance
106 East 6th Avenue
Cheyenne, WY 82001

Dear Ms. McFarland:

I am writing regarding the proposed changes to chapters 6, 7, 8, 19, 28, 38, 39, 40, 46, 51, 57, and 60 of the Department of Insurance's rules. After reviewing the proposed changes, I certify that they are pervasive and approve the Department's use of a clean version of the rules—and not a strike-through-and-underscore version—for the rule making process.

If you have any questions, or if you need anything else from me, please let me know.

Sincerely,

Jonathan C. Coppom

Jonathan C. Coppom
Assistant Attorney General
P: 307.777.7876
E: jonathan.coppom@wyo.gov

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE REPEAL OF	)	
CHAPTERS 6, 7, AND 8	)	
DEPARTMENT OF INSURANCE RULES	)	
AND REGULATIONS,	)	Docket Nos. 15-38

STATEMENT OF PRINCIPAL REASONS

FOR

The repeal of Chapters 6 (Rules), 7 (Information Required in Proxy Statement) and 8 (Proxy Solicitation in an Election Contest – Information Required)

The Wyoming Department of Insurance (DOI) files this Statement of Principal Reasons regarding its repeal of Chapters 6, 7, and 8 of the DOI Rules and Regulations and states that these changes have been made for the following reasons.

Wyo. Stat. § 26-24-120 governs the use of proxies for domestic stock insurance companies. However, the statute only applies when the insurer has more than one hundred (100) stockholders, or when ninety-five percent (95%) or more of the insurer's stock is owned or controlled by a parent or affiliated insurer unless the remaining stock is owned by five hundred (500) or more stockholders. Wyoming currently does not have any domestic stock insurers that meet the statutory requirements of Wyo. Stat. § 26-24-120. Upon information and belief, Wyoming has never had a domestic insurer that meets the requirements of this statute.

Chapters 6, 7, and 8 provide additional guidance and instructions to domestic insurers regarding when and how to use proxies for voting on corporate matters. To the extent that Wyoming has never had a domestic stock insurer to which Wyo. Stat. § 26-24-120 applies,

there is no reason to have regulations governing the use of proxies unless and until Wyoming has a domestic insurer to which these regulations would apply. Accordingly, the DOI is repealing Chapters 6, 7, and 8 as unnecessary at this time. Should Wyoming ever have a domestic insurer to which Wyo. Stat. § 26-24-120 applies, contemporary regulations regarding the use of proxies may be promulgated.

CHAPTER 6
RULES

REPEALED

CHAPTER 7
INFORMATION REQUIRED IN PROXY STATEMENT

REPEALED

CHAPTER 8
PROXY SOLICITATION IN AN ELECTION CONTEST - INFORMATION REQUIRED

Repealed

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 19 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-19

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 19 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 19 of its Rules and Regulations in 1988, and it has not been substantially modified since that date. The DOI has amended Chapter 19 to address the changes in the insurance industry since the regulation was originally promulgated, and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 1913, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative wording, and eliminating reiteration of statutes. Unfortunately, the revisions to Chapter 19 have not resulted in the desired word reduction. Specifically, the changes have reduced the regulation from approximately 562 words in the prior version, to approximately 433 words in the amended version. This represents a reduction of approximately 23%.

The changes to Chapter 19 have produced a contemporary and concise regulation. Although the 30% reduction has not been met with this amendment, the current changes have

further clarified and reduced the wording while maintaining the existing consumer protections provided by the regulation.

CHAPTER 19
AFTER MARKET PARTS REGULATION

Section 1. Authority

These regulations are promulgated pursuant to W.S. §§ 16-3-101 *et seq*., 26-2-110, and 26-13-101 *et seq.*

Section 2. Definitions

For the purpose of these regulations, the following definitions shall apply:

(a) "Insurer" includes an insurance company and any person authorized to represent the insurer with respect to a claim who is acting within the scope of the person's authority.

(b) "Non-Original Equipment Manufacturer" (OEM) means any manufacturer other than the original equipment manufacturer of the part. "Part" means parts which generally constitute the exterior of a motor vehicle, including inner and outer panels.

Section 3. Identification

No insurer shall directly or indirectly require the use of any non-OEM part that does not carry sufficient permanent identification so as to identify its manufacturer. Such identification shall be accessible to the extent possible after installation.

Section 4. Like Kind and Quality

No insurer shall directly or indirectly require the use of any non-OEM part unless the non-OEM part is at least equal in quality to the original part in terms of fit and performance. The cost of any modifications which may become necessary when making the repair shall be considered as a factor in determining the quality of the non-OEM part.

Section 5. Consent

(a) No insurer shall directly or indirectly require the use of non-OEM parts nor shall any insurer accept any estimate or authorize any repair unless the consumer is advised that he or she is not required to accept non-OEM parts in the repair of the vehicle and consents in writing to the use of those parts before repairs are made.

(b) No insurer shall directly or indirectly require the consumer to pay any difference in price if the consumer elects to use OEM parts in the repair of the vehicle.

Section 6. Disclosure

(a) The insurer must disclose to the claimant in writing, either on the estimate or on a separate document attached to the estimate, the following information in no smaller print than 10 point type:

THIS ESTIMATE HAS BEEN PREPARED BASED ON THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. PARTS USED IN THE REPAIR OF YOUR VEHICLE BY OTHER THAN THE ORIGINAL MANUFACTURER ARE REQUIRED TO BE AT LEAST OF EQUAL QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE ORIGINAL MANUFACTURER PARTS THEY ARE REPLACING.

(b) All Non-OEM parts to be installed on the vehicle shall be clearly identified on the estimate of such repair.

Section 7. Effective Date

This regulation shall become effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 28 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-61

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 28 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 28 of its Rules and Regulations in 1988, and it has not been substantially modified since that date. The DOI has amended Chapter 28 to address changes in the regulation of privately owned cemeteries since the regulation was originally promulgated and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative wording, and eliminating reiteration of statutes.

A significant reduction in the number of words in this regulation was accomplished by consolidating the defined terms of columbarium, cremation, crematory, columbarium, crypt, vault, entombment, interment, inurnment, mausoleum and niche into a single defined

term of “Disposition site.” It is hoped that this consolidated term will clarify in addition to reducing the length of the regulation.

The changes to Chapter 28 have resulted in a reduction of words from approximately 2,152 words in the prior version, to approximately 1,220 words in the amended version. This represents a reduction of approximately 43%.

CHAPTER 28
REGULATION GOVERNING PERPETUAL CARE TRUST FUNDS FOR PRIVATELY OWNED CEMETERIES

Section 1. Authority

(a) These regulations govern perpetual care trust funds for any cemetery organized by any individual, group of individuals, corporation or association and are promulgated pursuant to W.S. §§16-3-101 *et seq.*, 26-2-109, 26-2-110, 35-8-101, *et seq.*, 35-8-404, and 35-8-407. These regulations do not apply to cemeteries formed by municipal corporations and duly organized cemetery districts.

Section 2. Definitions

Unless otherwise stated, the definitions found in W.S. §§ 26-1-102, 33-16-502, and 35-8-401 shall apply.

(a) "Buyer" means any person, including individuals who are employees or officers of a corporation owning the disposition site, who purchases or receives a disposition site.

(b) “Disposition site” means any structure, lot, or other physical location used for the final disposition of a deceased human body.

(c) "Lot" or "grave" means a space of ground in a cemetery intended to be used for the permanent disposition of a deceased human body.

(d) “Perpetual care" refers to the general maintenance of the cemetery including: the cutting and trimming of lawn, shrubs, and trees at reasonable intervals; keeping all places where interments have been made in proper order; keeping in repair the drains, waterlines, roads, buildings, fences, and other structures consistent with a well-maintained cemetery. It shall also include overhead expenses necessary for such purposes, including maintenance of machinery, tools and equipment for such care, compensation of employees, payment of reasonable and necessary insurance premiums, reasonable payments for employees' pension and other benefit plans, and the maintenance of necessary records of lot ownership, transfers and burials. It also includes the administration of endowed care funds in those instances wherein those administering such funds fail or refuse to act.

(e) "Privately owned cemetery" means any cemetery organized by any person except municipal corporations and duly organized cemetery districts.

(f) "Seller" means an individual, group of individuals, corporation, or association who represent(s) themself(ves) as a privately owned cemetery to convey privately owned disposition site ownership.

Section 3. Perpetual Care Trust Fund

(a) Each seller shall establish a perpetual care trust fund before the advertisement or sale of disposition sites. All income and interest from the fund shall be used exclusively for perpetual care. The trust fund shall be irrevocable and deposited in Wyoming at a licensed bank, trust company, or federal savings and loan association and shall be invested as required herein.

(b) The deposit into the perpetual care trust fund shall be made by the seller not later than thirty (30) days after the close of the month in which any payment was received for the purchase of any disposition site. If payments are received in installments, the applicable pro rata share of each payment shall be deposited.

(c) A seller must deposit with the trustee an initial sum of ten thousand dollars ($10,000) or more in cash. When deposits in the trust fund have reached $20,000, the seller may withdraw deposits at the rate of one thousand dollars ($1,000) for each additional two thousand dollars ($2,000) added to the fund. No funds may be withdrawn from the Perpetual Care Trust Fund without the written authorization of the Commissioner or his designee.

Section 4. Bond

Every seller shall post with the Commissioner a surety bond in an amount of not less than five percent (5%) of all amounts received from all buyers or their representatives, whether deposited or invested. The bond amount shall be determined as of December 31st of the preceding year, or such greater amount which the seller may wish to post, but in no event less than $10,000. The bond amount of may not be reduced without the prior written approval of the Commissioner. The State of Wyoming shall be named as the obligee in the bond for the benefit of the buyers, their heirs, legatees, or assigns who are damaged by the loss of any monies paid to the seller after their receipt by the seller. This bond may consist of cash, demand deposits, savings accounts, certificates of deposit, corporate surety bond, or other such security as the Commissioner shall require.

Section 5. Investment of Perpetual Care Trust Fund

The seller shall limit his deposits to obligations of the United States or of any states thereof; obligations and stock of federal government agencies; demand deposits, savings accounts, certificates of deposit, or shares of savings and loan associations, provided that the seller may invest, notwithstanding the limitations of this section, funds in an amount not to exceed in the aggregate the amount of the seller's bond posted in accordance with Section 4, in such types of investments that prudent investors would acquire or retain for their own account. The seller shall be strictly accountable for the corpus of the funds to the buyer and the Commissioner.

Section 6. Treatment of Consumer

(a) No privately owned cemetery shall limit disposition site sales based on sex, race,

religion, or other protected classes.

(b) Whenever a seller conveys ownership in a disposition site, the seller shall execute and deliver to the buyer a written statement that specifically states:

(i) The nature and the extent of the perpetual care to be provided;

(ii) That such care shall be provided from the income and interest of the perpetual care trust fund;

(iii) That the perpetual care trust fund has been established in conformity with these regulations and the laws of Wyoming; and

(iv) That not less than the amounts required by statute have been set aside and deposited in trust.

(c) A master copy of all written documents provided by sellers to buyers or potential buyers, including installment contracts, sales promotions, coupons or certificates, warranty deeds, advertising, descriptions of solicitation practices, and any other materials used in the sale of disposition sites shall be delivered to the Commissioner. All materials shall be approved by the Commissioner before use.

Section 7. Inspection of Cemetery

The Commissioner may inspect privately owned cemeteries to determine if proper perpetual care is being taken. If proper perpetual care is not being taken, the Commissioner may require deposit of additional corpus into the perpetual care trust fund, and/or implement procedures for more efficient use of perpetual care income.

Section 8. Cemetery Records

All records of a privately owned cemetery must be maintained in the county in which the cemetery is located. These records shall include a detailed map of the cemetery, accurate records of each disposition site sold, and detailed records of deposits and investments of the perpetual care trust fund. These records shall be kept in perpetuity.

Section 9. Annual Report

On or before March 1st of each year, each seller shall file an annual report containing the information required by the Commissioner on the Privately Owned Cemetery Annual Report Form available on the Wyoming Department of Insurance website.

Section 10. Examination

The seller shall make available to the Commissioner for examination all books, records, and accounts pertaining to the sale of disposition sites and deposits into the perpetual care trust fund. The Commissioner, or his designee, may require the attendance and examination under oath of any person whose testimony may be required. The cost of any examination may be charged to the cemetery.

Section 11. Effective Date

This regulation shall become effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 38 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-62

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 38 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 38 of its Rules and Regulations in 1982, and it has not been substantially modified since. The DOI has amended Chapter 38 to address the changes in the insurance industry since the regulation was originally promulgated, and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative language, and eliminating reiteration of statutes.

Changes were also made to clarify the applicability of the statute to include all companies with premium in Wyoming. Further changes have been made to clarify the time in which amended premium tax returns will be accepted.

The revisions to Chapter 38 have resulted in a reduction of words from approximately 514 words in the prior version to approximately 336 words in the amended version. This represents a reduction of approximately 35%.

CHAPTER 38
REGULATIONS GOVERNING ALLOCATION OF PREMIUM
FOR THE PURPOSE OF TAXATION

Section 1. Authority

These regulations are promulgated pursuant to W.S. §§ 16-3-101 *et seq*., 26-2-110(a), 26-3-102(b) and 26-4-103.

Section 2. Scope

These regulations apply to each insurer that has direct premium income from or as a result of persons, property, subjects or risks located, resident, or to be performed in Wyoming.

Section 3. Proper Proportionate Allocation of Premium Taxes

(a) For the purpose of reporting and paying premium taxes, the amount of premium or consideration for insurance as to persons, property, subjects or risks in Wyoming insured, or covered under policies or contracts covering persons, property, subjects, or risks located or resident in more than one (1) state, shall be determined as follows:

(i) The result obtained when the percentage derived by dividing the number of Wyoming risks by the total number of risks under such policy or contract is multiplied by the total direct premium income derived from the policy or contract; or

(ii) The exact amount of premium or consideration collected from or on behalf of each person, property, subject or risk which is, in fact, located, resident or to be performed in Wyoming.

Section 4. Exclusiveness

No method of allocation which fails to recognize the actual locations, residences, or situs of performance as used herein shall be permissible.

Section 5. Foreign Contracts

These regulations are applicable notwithstanding the fact that the policy or contract of insurance is entered into, or the premiums are paid and received, in a state or states other than Wyoming.

Section 6. Amended Annual Premium Tax Returns

Amended annual premium tax returns will only be accepted within twelve (12) months after the original filing deadline.

Section 7. Premium Tax Refunds

Any claim for a refund due to an amended annual tax return shall be filed with the subsequent annual tax return that is due on March 1 in accordance with W.S. 26-4-103(k)(ii).

Section 8. Effective Date

These regulations shall become effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE REPEAL OF CHAPTERS 39 OF THE DEPARTMENT OF INSURANCE RULES AND REGULATIONS.	))))	Docket Nos. 16-70

STATEMENT OF PRINCIPAL REASONS

FOR

The repeal of Chapters 39, Regulation Governing Disclosure Requirements for Replacement Cost and Actual Cash Value Policies But Excluding Casualty Insurance As Defined in W.S. § 26-5-106(a)

The Wyoming Department of Insurance (DOI) files this Statement of Principal Reasons regarding its repeal of Chapter 39 of the DOI Rules and Regulations and states that this change has been made for the following reasons.

On or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. As part of its review of all DOI regulations, the DOI reviewed Chapter 39 to determine what reductions might be possible. During the review process, it was determined that the notice requirements contained in Chapter 39 are no longer relevant. Specifically, the current insurance policies submitted for approval to the DOI provide for payment to insureds on a replacement cost value (RCV), not actual cash value (ACV). Since polices submitted for review in Wyoming are written to reimburse at the RCV rate, there is no longer a need for the notice of ACV payments. Should policies again be submitted for approval by the DOI for ACV payments, the DOI may promulgate contemporary regulations to require the appropriate notice. Until that time, Chapter 39 is no longer relevant and should be repealed.

CHAPTER 39
REGULATION GOVERNING DISCLOSURE REQUIREMENTS FOR REPLACEMENT COST AND ACTUAL CASH VALUE POLICIES BUT EXCLUDING CASUALTY INSURANCE AS DEFINED IN W.S. 26-5-106(a)

REPEALED

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 40 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-63

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 40 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 40 of its Rules and Regulations in 1985, and it has not been substantially modified since. The DOI has amended Chapter 40 to address the changes in the insurance industry since the regulation was originally promulgated, and to clarify wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing rule to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative wording, and eliminating reiteration of statutes.

The language of Chapter 40 is based upon model language drafted by the National Association of Insurance Commissioners (NAIC). The NAIC provides the opportunity for input from all states and territories, as well as from the insurance industry, regarding proposed language to be included in model regulations regarding various subjects. In the amended Chapter 40, the DOI has made some changes to reduce the wording, but has

retained much of the model language to ensure the existing consumer protections are not altered.

Unfortunately, the revisions to Chapter 40 have not resulted in the 30% reduction in words. Specifically, the modifications reduced the regulation from 2,046 words in the prior version to approximately 1,938 words in the amended version. This represents a reduction of approximately 5%. Although the desired 30% reduction in words has not been met, the changes made have helped to clarify this regulation while leaving the existing consumer protections in place.

CHAPTER 40
UNIVERSAL LIFE INSURANCE

Section 1. Authority

This regulation is promulgated pursuant to W.S. §§ 26-2-110 and 16-3-101, *et seq*.

Section 2. Definitions

(a) "Universal life insurance policy" means any individual life insurance policy under the provisions of which separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds, or other supplemental accounts) and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by rider.

(b) "Flexible premium universal life insurance policy" means a universal life insurance policy which permits the policy owner to vary, independently of each other, the amount or timing of one or more premium payments or the amount of insurance.

(c) "Fixed premium universal life insurance policy" means a universal life insurance policy other than a flexible premium universal life insurance policy.

(d) "Interest-indexed universal life insurance policy" means any universal life insurance policy where the interest credits are linked to an external referent.

(e) "Net Cash Surrender Value" means the maximum amount payable to the policy owner upon surrender.

(f) "Cash Surrender Value" means the Net Cash Surrender Value plus any amounts outstanding as policy loans.

(g) "Policy Value" means the amount to which separately identified interest credits and mortality, expense, or other charges are made under a universal life insurance policy.

Section 3. Mandatory Policy Provisions

The policy shall provide the following:

(a) Periodic Disclosure to Policy owner. The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep such policy owner advised as to the status of the policy. The end of the current report period must be not more than three months previous to the date of the mailing of the report.

(b) Illustrative Reports. The policy shall provide for an illustrative report which will

be sent to the policy owner upon request without charge, at least annually. If the policy owner requests reports of greater frequency, a reasonable fee may be charged only for such additional reports.

(c) Policy Guarantees. The policy shall provide guarantees of minimum interest credits and maximum mortality and expense charges. All values and data shown in the policy shall be based on guarantees. No figures based on non-guarantees shall be included in the policy.

(d) Calculation of Cash Surrender Values. The policy shall contain at least a general description of the calculation of cash surrender values including the following information:

(i) The guaranteed maximum expense charges and loads.

(ii) Any limitation on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than twelve months.

(iii) The guaranteed minimum rate or rates of interest.

(iv) The guaranteed maximum mortality charges.

(v) Any other guaranteed charges.

(vi) Any surrender or partial withdrawal charges.

(e) Changes in Basic Coverage. If the policy owner has the right to change the basic coverage, any limitation on the amount or timing of such change shall be stated in the policy. If the contract confers upon the policy owner the right to increase the basic coverage without the consent of the insurer, no new period of contestability or exclusion for suicide shall be permitted on such increased coverage.

(f) Grace Period and Lapse. The policy shall provide for written notice to be sent to the policy owner's last known address at least thirty days prior to termination of coverage.

(i) A flexible premium policy shall provide for a grace period of at least thirty days after lapse. Unless otherwise defined in the policy, lapse shall occur on the date on which the net cash surrender value first equals zero.

(g) Maturity Date. If a policy provides for a "maturity date," "end date," or similar date, then the policy shall also contain a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner, if such is the case.

Section 4. Disclosure Requirements

In connection with any advertising, solicitation, negotiation, or procurement of a universal life insurance policy:

(a) Any statement of policy cost factors or benefits shall contain:

(i) The corresponding guaranteed policy cost factors or benefits, clearly identified.

(ii) A statement explaining the non-guaranteed nature of any current interest rates, charges, or other fees applied to the policy, including the insurer's right to alter any of these factors.

(iii) Any limitations on the crediting of interest, including identification of those portions of the policy, premium or payments therefor, to which a specified interest rate shall be credited.

(b) Any illustration of the policy value shall be accompanied by the corresponding net cash surrender value.

(c) Any statement regarding the crediting of a specific current interest rate shall also contain the frequency and timing by which such rate is determined.

(d) If any statement refers to the policy being interest-indexed, the index shall be described. In addition, a description shall be given of the frequency and timing of determining the interest rate and of any adjustments made to the index in arriving at the interest rate credited under the policy.

(e) Any illustrated benefits based upon non-guaranteed interest, mortality, or expense factors shall be accompanied by a statement indicating that these benefits are not guaranteed.

(f) If the guaranteed cost factors or initial policy cost assumptions will result in policy values becoming exhausted prior to the policy's maturity date, such facts shall be disclosed in the policy or in an illustration of policy values delivered to the insured not later than the date of delivery of the policy.

Section 5. Periodic Disclosure to Policy Owner

(a) Requirements. The policy shall provide that the policy owner will be sent, without charge, at least annually, a report that will serve to keep such policy owner advised of the status of the policy. The end of the current report period shall not be more than three months previous to the date of the mailing of the report.

(i) Such report shall include the following:

(A) The beginning and end of the current report period.

(B) The policy value at the end of the previous report period and at the end of the current report period.

(C) The total amounts which have been credited or debited to the policy value during the current report period, identifying each by type (e.g., interest, mortality, expense and riders).

(D) The current death benefit at the end of the current report period on each life covered by the policy.

(E) The net cash surrender value of the policy as of the end of the current report period.

(F) The amount of outstanding loans, if any, as of the end of the current report period.

(ii) For fixed premium policies: If, assuming guaranteed interest, mortality and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report.

(iii) For flexible premium policies: If, assuming guaranteed interest, mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report.

Section 6. Interest-indexed Universal Life Insurance Policies

(a) Initial Filing Requirements. The following information shall be submitted in connection with any filing of interest-indexed universal life insurance policies ("interest-indexed policies"). All such information received shall be treated confidentially to the extent permitted by law.

(i) A description of how the interest credits are determined, including:

(A) a description of the index;

(B) the relationship between the value of the index and the actual interest rate to be credited;

(C) the frequency and timing of determining the interest rate; and

(D) the allocation of interest credits, if more than one rate of interest applies to different portions of the policy value.

(ii) The insurer's investment policy, which includes a description of the following:

(A) how the insurer addressed the reinvestment risks;

(B) how the insurer plans to address the risk of capital loss on cash outflows;

(C) how the insurer plans to address the risk that appropriate investments may not be available or not available in sufficient quantities;

(D) how the insurer plans to address the risk that the indexed interest rate may fall below the minimum contractual interest rate guaranteed in the policy;

(E) the amount and type of assets currently held for interest indexed policies; and

(F) the amount and type of assets expected to be acquired in the future.

(iii) If policies are linked to an index for a specified period less than to the maturity date of the policy, a description of the method used (or currently contemplated) to determine interest credits upon the expiration of such period.

(iv) A description of any interest guarantee in addition to or in lieu of the index.

(v) A description of any maximum premium limitations and the conditions under which they apply.

(b) Additional Filing Requirements.

(i) Annually, every insurer shall submit a Statement of Actuarial Opinion by the insurer's actuary similar to the example contained in subsection (c) of this section.

(ii) Annually, every insurer shall submit a description of the amount and type of assets currently held by the insurer with respect to its interest-indexed policies.

(iii) Prior to implementation, every domestic insurer shall submit a description of any material change in the insurer's investment strategy or method of determining the interest credits. A change is considered to be material if it would affect the form or definition of the index

(i.e. any change in the information supplied in subsection (a) above) or if it would significantly change the amount or type of assets held for interest-indexed policies.

(c) Statement of Actuarial Opinion for Interest-Indexed Universal Life Insurance Policies.

I, _____, am _____
(name) (position or relationship to Insurer)
for the XYZ Life Insurance Company (The Insurer) in the state of _____
.
(1.) (State of Domicile of Insurer)
I am a member of the American Academy of Actuaries (or if not, state other qualifications to sign annual statement actuarial opinions).

I have examined the interest-indexed universal life insurance policies of the Insurer in force as of December 31, 20XX, encompassing _____ number of policies and $_____ of insurance in force.

I have considered the provisions of the policies. I have considered any reinsurance agreements pertaining to such policies, the characteristics of the identified assets and the investment policy adopted by the Insurer as they affect future insurance and investment cash flows under such policies and related assets. My examination included such tests and calculations as I considered necessary to form an opinion concerning the insurance and investment cash flows arising from the policies and related assets.

I relied on the investment policy of the Insurer and on projected investment cash flows as provided by _____, Chief Investment Officer of the Insurer.

The tests were conducted under various assumptions as to future interest rates, and particular attention was given to those provisions and characteristics that might cause future insurance and investment cash flows to vary with changes in the level and prevailing interest rates.

In my opinion, the anticipated insurance and investment cash flows referred to above make good and sufficient provision for the contractual obligations of the Insurer under these insurance policies.

_____
Signature of Actuary

Section 7. Effective Date

(a) This regulation becomes effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 46 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-64

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 46 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 46 of its Rules and Regulations in 1992, and it has not been substantially modified since that time. The DOI has amended Chapter 46 to address changes in the insurance industry since it was originally promulgated and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative language, and eliminating reiteration of statutes.

Finally, the language from Section 9 regarding exceptions to the requirement of establishing a premium trust account was deleted from the regulation. This change was made because the exceptions of the regulation involved circumstances where the producer never actually received payment from the insured or where the funds were deposited directly into

an account for the insurer. These circumstances do not involve the producer ever actually exercising control of the funds in his or her professional capacity.

The revisions to Chapter 46 have resulted in a reduction of words from approximately 1,411 words in the prior version, to approximately 946 words in the amended version. This represents a reduction of approximately 33%.

CHAPTER 46
REGULATION GOVERNING PREMIUM TRUST ACCOUNTS

Section 1. Authority

This regulation is promulgated pursuant to W.S. §§ 16-3-101 *et seq.*, 26-2-109, 26-2-110, and 26-9-229.

Section 2. Definitions

For the purpose of this regulation, the following definitions apply:

(a) "Licensee" means a producer, agent, or any other person holding a license issued by the Wyoming Insurance Department.

(b) "Qualified Financial Institution" has the same meaning as in W.S. § 26-5-114.

(c) "Trust Account" or "Premium Trust Account" means an account held in a Qualified Financial Institution for the purpose of holding premium payments, but excludes accounts into which premiums are deposited that are owned by the insurer entitled to the premiums.

Section 3. Establishment of Trust Account

(a) The trust account shall be:

(i) Established and maintained in a qualified financial institution located within Wyoming;

(ii) Separate and distinct from the licensee's operating and personal accounts; and

(iii) Shall have a separate account number, a separate check register, and different checks. The checks, check register and bank records for the account shall be clearly identified with the wording "Premium Trust Account."

(b) The licensee may establish the trust account with an initial deposit of the licensee's own funds only if such deposit is required to open the account, or to avoid bank charges or fees for maintaining the account. The deposit of the licensee's own funds shall not exceed the amount required to open the account or to avoid bank charges or fees.

(c) Upon the first deposit of any premiums or return premiums to the account, the licensee shall:

(i) Immediately withdraw all of the funds described in subsection (b); or

(ii) Maintain all funds described in subsection (b) within the account and separately account for those funds in the licensee's books and records.

(d) No bank charges or fees shall be paid from funds deposited in the trust account. Such charges or fees shall be paid from the licensee's own funds. If the qualified financial institution deducts any bank charges or fees from the trust account balance, the licensee shall reimburse the trust account those amounts within ten (10) business days following receipt of written notice of the deduction.

Section 4. Deposit of Funds

(a) Upon receipt of premium or return premium, licensee shall either:

(i) Remit such funds to the appropriate payee;

(ii) Credit such funds to the account of the appropriate payee; or

(iii) Deposit such funds in the licensee's trust account by the close of the fifth (5th) business day following their receipt.

(b) Subsequent transmittals of premiums and return premiums shall be made in accordance with the following:

(i) All premiums received, less commissions if authorized, shall be remitted to the insurer or its entitled agent on or before the contractual due date or within forty-five (45) days after receipt, if there is no contractual due date.

(ii) All return premiums shall be paid to the insured or credited to the insured's account by the close of the fifth (5th) business day following receipt of the funds.

(iii) If the return premium is reflected as a credit on the licensee's billing statement, the licensee shall pay the return premium or credit the insured's account by the close of the fifth (5th) business day subsequent to payment of the statement or the due date of the statement, whichever is sooner.

(iv) If the return premium is to be credited to the insured's account, the credit must be shown and applied to the next billing statement sent to the insured.

(A) If the credit results in a credit balance on the insured's account, the credit shall be returned by the close of the fifth (5th) business day following the billing statement unless the licensee receives written authorization from the insured to retain the credit balance and other developed credit balances for a period of no more than twelve (12) months from the date of authorization. Such authorization must contain a notification to the insured that he has the right

to withdraw the authorization in writing and that the return premium will be refunded within fifteen (15) days of the authorization withdrawal. A copy of the authorization shall be maintained in the licensee's file and a copy shall be given to the insured at the time that the authorization is obtained. If authorization is obtained, the licensee shall send monthly written notification to the insured which clearly reflects a credit owed to the insured.

Section 5. Commissions

Any fees or commissions earned by the licensee and deposited in the trust account with any premium shall be withdrawn and paid into an operating or business account on or before the contractual due date of the premiums to the insurer, or within forty-five (45) days after receipt, if there is no contractual due date.

Section 6. Interest

No licensee shall establish an interest bearing trust account.

Section 7. Record Keeping

All licensees who maintain and use a trust account shall maintain, at the principal place of business, accurate accounting records kept on a consistent basis which will facilitate an audit trail. The records shall show, at a minimum, the following:

(a) Any written authorization from the insured to retain credit balances, income, or funds placed in the premium trust account, or from an insurer to retain income on funds placed in the premium trust account;

(b) The existence and the source of any fees and commissions in the trust account;

(c) That a generally accepted form of reconciliation has been completed on a monthly basis showing transfers into and out of the account.

Section 8. Effective Date

This regulation shall be effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 51 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-65

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 51 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 51 of its Rules and Regulations in 1997, and it has not been substantially modified since that date. The DOI has amended Chapter 51 to address the changes in the insurance industry since the regulation was originally promulgated, and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative wording, and eliminating reiteration of statutes.

The language of Chapter 51 is based largely upon model language drafted by the National Association of Insurance Commissioners (NAIC). The NAIC provides the opportunity for input from all states and territories, as well as from the insurance industry, regarding proposed language to be included in model regulations regarding various subjects. In the amended Chapter 51, the DOI has made some changes to reduce the wording, but has

retained much of the model language to ensure the existing consumer protections in the regulation are not altered.

Unfortunately, the changes to Chapter 51 have not resulted in the 30% reduction in length. Specifically, the modifications reduced the regulation from approximately 1,692 words in the prior version, to approximately 1,584 words in the amended version. This represents a reduction of approximately 7%. Although the desired 30% reduction in words has not been met, the changes have helped to clarify this regulation while leaving the existing consumer protections in place.

CHAPTER 51
UNIFORM HEALTH CLAIM FORMS REGULATION

Section 1. Authority

This regulation is promulgated pursuant to W.S. §§ 26-2-110, 26-15-127, 16-3-101 *et seq*.

Section 2. Definitions

As used in this regulation:

(a) "ASC X12N" and any future iterations, standard format means the standards for electronic data interchange within the health care industry developed by the Accredited Standards Committee X12N Insurance Subcommittee of the American National Standards Institute.

(b) "CDT Procedure Codes" means the current dental terminology prescribed by the American Dental Association.

(c) "CPT Codes" means the physicians' current procedural terminology published by the American Medical Association.

(d) "HCFA" means the Health Care Financing Administration of the U.S. Department of Health and Human Services.

(e) "HCFA Form 1450" means the health insurance claim form maintained by HCFA for use by institutional care practitioners.

(f) "HCFA Form 1500" means the health insurance claim form maintained by HCFA for use by health care practitioners.

(g) "HCPCS" means HCFA's Common Procedure Coding System, a coding system which describes products, supplies, procedures and health professional services and includes, the American Medical Associations (AMA's) Physician Current Procedural Terminology codes, alphanumeric codes, and related modifiers. This includes:

(i) "HCPCS Level 1 Codes" which are the AMA's CPT codes and modifiers for professional services and procedures.

(ii) "HCPCS Level 2 Codes" which are national alpha-numeric codes and modifiers for health care products and supplies, as well as some codes for professional services not included in the AMA's CPT.

(iii) "HCPCS Level 3 Codes" which are local alpha-numeric codes and modifiers for items and services not included in HCPCS Level 1 or HCPCS Level 2.

(h) "Health Care Practitioner" means:

(i) A chiropractor licensed under W.S. § 33-10-101 *et seq*.

(ii) A corporation or partnership of health care practitioners defined in this section.

(iii) A dentist licensed under W.S. § 33-15-101 *et seq*.

(iv) A nurse licensed under W.S. § 33-21-119 *et seq*.

(v) An optometrist licensed under W.S. § 33-23-101 *et seq*.

(vi) A physician licensed under W.S. § 33-26-101 *et seq*.

(vii) A podiatrist licensed under W.S. § 33-9-101 *et seq*.

(viii) A psychologist licensed under W.S. § 33-27-113 *et seq*.

(ix) A physical, speech and audiology, occupational, or respiratory therapist licensed under W.S. §§ 33-25-101 *et seq.*; 33-33-101 *et seq.;* 33-40-101 *et seq*.; or 33-43-101 *et seq.*

(x) A home health agency licensed under W.S. § 35-2-901(a).

(i) "ICD-CM Codes" means the diagnosis and procedure codes in the International Classification of Diseases, clinical modifications published by the U.S. Department of Health and Human Services.

(j) "Institutional Care Practitioner" means:

(i) A hospice;

(ii) A hospital;

(iii) A skilled nursing facility, extended care facility, intermediate care facility, convalescent nursing home, or personal care facility; and

(iv) A home health agency.

(k) Issuer means an insurance company, fraternal benefit society, health care service plan, health maintenance organization, and third party administrator, and any other public and or private entity reimbursing the costs of health care expenses.

(l) "J5xx Form" means the uniform dental claim form approved by the American Dental Association for use by dentists.

(m) “NDC,” National Drug Code, means the identifying drug number maintained by the Food and Drug Administration (FDA).

(n) “NSF,” National Standard Format, means a flat file format standard for submission of health care claims electronically.

(o) “Revenue Codes” means the codes established for use by institutional care practitioners by the National Uniform Billing Committee.

Section 3. Applicability and Scope

(a) Except as otherwise specifically provided, the requirements of this regulation apply to issuers, health care practitioners, and institutional care practitioners.

(b) Nothing in this regulation shall prevent an issuer from requesting additional

information that is not contained on the forms required under this regulation to determine eligibility of the claim for payment if required by applicable statutes, rules or regulations or required under the terms of the policy or certificate issued to the claimant.

(c) Nothing in this regulation shall prohibit an issuer, health care practitioner, or institutional care practitioner from using alternative procedures for filing claims as are specified in an existing written contract between the health care practitioner or institutional care practitioner and issuer.

Section 4. Requirements for Use of HCFA Form 1500

(a) Health care practitioners shall use the HCFA Form 1500 and instructions provided by HCFA for use of the HCFA Form 1500 when filing claims with issuers for professional services. Health care practitioners that bill patients directly shall provide a properly completed HCFA Form 1500 in addition to any other explanatory information used to bill the patient when requested by the patient.

(b) Issuers may only require health care practitioners to use the following coding system and/or descriptors for the initial filing of claims for health care services:

(i) HCPCS Codes;

(ii) ICD-CM Codes;

(iii) In the case of Workers' Compensation, specific body part and other information used for the coding of charges; and

(iv) NDC codes for pharmaceuticals supplied by physicians and home health agency.

(c) Issuers may only require health care practitioners to use other explanations with a code or to furnish additional information with the initial submission of a HCFA Form 1500 under the following circumstances:

(i) When the procedure code used describes a treatment or service that is not otherwise classified; or

(ii) When the procedure code is followed by a CPT modifier. Health care practitioners may use item 19 of the HCFA Form 1500 to explain multiple modifiers, unless item 19 is used for other purposes in accordance with the instructions for this form.

(d) Health care practitioners may use item 19 of the HCFA Form 1500 to indicate the form is an amended version of a form previously submitted to the issuer by inserting the word "amended" in the space provided.

(e) Health care practitioners billing for services based on the amount of time involved shall define on line 19 the time interval in Item 24 G of the HCFA Form 1500, if the time interval is not already defined by the HCPCS code. If not defined by either HCPCS or in line 19, units will be assumed to be days of treatment.

(f) Health care practitioners shall provide the unique physician identification number, as assigned by HCFA, in box 17a and the federal tax identification number or social security number to complete Item 25 of the HCFA Form 1500, as required by the HCFA instructions.

Section 5. Requirements for Use of HCFA Form 1450

(a) Institutional care practitioners shall use the HCFA Form 1450 and instructions provided by HCFA for use of the HCFA Form 1450 when filing claims with issuers for health care services. Institutional care providers that bill patients directly shall provide a properly completed HCFA Form 1450 in addition to any other explanatory information used to bill the patient when requested by the patient.

(b) Issuers may only require institutional care practitioners to use the following coding system for the initial filing of claims for health care services:

(i) ICD--CM Codes;

(ii) Revenue Codes;

(iii) HCPCS Codes; and

(iv) The information outlined in Section 5 of this regulation if the charges include direct services furnished by a health care practitioner and the direct services are not covered by the instructions for the HCFA form 1450.

(c) Hospitals may use the HCFA Form 1500 to supplement a HCFA Form 1450 if necessary in billing patients or their representatives or filing claims with issuers for outpatient services.

Section 6. Requirements for Use of J5xx ADA Form; CDT Procedure Codes

(a) Dentists shall use the J5xx Form and instructions provided by the American Dental Association for filing claims with issuers for professional services. Dentists that bill patients directly shall provide a properly completed J5xx Form in addition to any other form used to bill the patient when requested by the patient.

(b) Issuers may not require a dentist to use any code other than the CDT Procedure Codes for the initial filing of claims for dental care services, unless the use of supplemental codes are defined and permitted in a written contract between the issuer and dentist. Clearly defined supplemental codes may be used only for procedures not elsewhere defined by CDT Procedure Codes.

Section 7. General Provisions

(a) Health care practitioners and institutional care practitioners shall file claims in a manner consistent with the requirements of this regulation. Claims filed in paper form shall be printed on 8.5 x 11 inch paper.

(b) Issuers shall accept forms submitted in compliance with this regulation for the processing of claims.

(c) Health care practitioners, institutional care practitioners, and issuers shall:

(i) Use and accept the most current editions of the HCFA Form 1500, HCFA Form 1450, or J5xx Form and the most current instructions for these forms in the billing of patients or their representatives and filing claims with issuers.

(ii) Modify their billing and claim reimbursement practices to encompass the

coding changes for all billing and claim filing by the effective date of the changes set forth by the developers of the forms, codes, and procedures required under this regulation.

Section 8. Mandatory Electronic Format

Unless otherwise provided by federal or state law, issuers that elect to receive claims or elect to send payments by electronic means shall support the NSF for electronic media claims and electronic remittance notice (ERN) as an interim standard format until the American National Standards Institute (ANSI) ASC X12N standard format for the health care claims submission transaction set (837) and the ASC X12N health care claim payment transaction set (835) or their successors become the required standard formats.

Section 9. Effective Date

These regulations shall be effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 57 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 16-66

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 57 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 57 of its Rules and Regulations in 2005, and it has not been substantially amended since. The DOI has amended Chapter 57 to address the changes in the insurance industry since the regulation was originally promulgated, and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative language, and eliminating reiteration of statutes. The revisions to Chapter 57 have resulted in a reduction of words in the regulation from approximately 3,099 words in the prior version, to approximately 2,033 words in the amended version. This represents a reduction of approximately 34%.

CHAPTER 57

REGULATION ON CUSTODIAL AGREEMENTS AND THE USE OF CLEARING CORPORATIONS

Section 1. Authority

This regulation is issued pursuant to W.S. §§ 26-2-110, 26-8-202(b), and 16-3-101, *et seq.*

Section 2. Applicability and Scope

This regulation applies to Wyoming domestic insurers and any other licensed insurers holding securities in the custody of a custodian pursuant to W.S. §§ 26-3-111 and 26-8-101.

Section 3. Definitions

When used in this regulation, the term:

(a) "Agent" means a national bank, state bank, or trust company that maintains an account in its name in a clearing corporation or that is a member of the Federal Reserve System and through which a custodian participates in a clearing corporation, including the Treasury/Reserve Automated Debt Entry Securities System (TRADES) or Treasury Direct systems, except that with respect to securities issued by institutions organized or existing under the laws of a foreign country or securities used to meet the deposit requirements pursuant to the laws of a foreign country as a condition of doing business therein, "agent" may include a corporation that is organized or existing under the laws of a foreign country and that is legally qualified under those laws to accept custody of securities.

(b) "Clearing corporation" means a corporation as defined in W.S. § 34.1-8-102(a)(v) that is organized for the purpose of effecting transactions in securities by computerized book-entry, except that with respect to securities issued by institutions organized or existing under the laws of a foreign country or securities used to meet the deposit requirements pursuant to the laws of a foreign country as a condition of doing business therein, "clearing corporation" may include a corporation that is organized or existing under the laws of a foreign country and which is legally qualified under those laws to effect transactions in securities by computerized book-entry. Clearing corporation also includes TRADES and "Treasury Direct" book-entry securities systems established pursuant to 31 U.S.C. § 3100 *et seq.*, 12 U.S.C. pt. 391, and 5 U.S.C. pt. 301.

(c) "Custodian" means a national bank, state bank or trust company that shall at all times during which it acts as a custodian pursuant to this regulation be no less than adequately capitalized as determined by the standards adopted by United States banking regulators and that is regulated by either state banking laws or is a member of the Federal Reserve System and that is legally qualified to accept custody of securities in accordance with the standards set forth below, except that with respect to securities issued by institutions organized or existing under the laws of a foreign country, or securities used to

meet the deposit requirements pursuant to the laws of a foreign country as a condition of doing business therein, "custodian" may include a bank or trust company incorporated or organized under the laws of a country other than the United States that is regulated as such by that country's government or an agency thereof that shall at all times during which it acts as a custodian pursuant to this regulation be no less than adequately capitalized as determined by the standards adopted by international banking authorities and that is legally qualified to accept custody of securities;

(d) "Custodied securities" means securities held by the custodian or its agent or in a clearing corporation, including the TRADES or Treasury Direct systems.

(e) "Treasury/Reserve Automated Debt Entry Securities System" (TRADES) and "Treasury Direct" mean the book entry securities systems established pursuant to 31 U.S.C. § 3100 *et seq*., 12 U.S.C. pt. 391 and 5 U.S.C. pt. 301. The operation of TRADES and Treasury Direct are subject to 31 C.F.R. pt. 357, *et seq*.

(f) "Security" has the same meaning as that defined in W.S. § 34.1-8-102(a)(xv).

(g) "Securities certificate" has the same meaning as that defined W.S. § 34.1-8-102(a)(xvi).

Section 4. Custody Agreement; Requirements

(a) An insurance company may, by written agreement with a custodian, provide for the custody of its securities with that custodian. The securities that are the subject of the agreement may be held by the custodian or its agent or in a clearing corporation.

(b) The agreement shall be in writing and shall be authorized by a resolution of the board of directors of the insurance company or of an authorized committee of the board. The terms of the agreement shall comply with the following:

(i) Securities certificates held by the custodian shall be held separate from the securities certificates of the custodian and of all of its other customers.

(ii) Securities held indirectly by the custodian and securities in a clearing corporation shall be separately identified on the custodian's official records as being owned by the insurance company. The records shall identify which securities are held by the custodian or by its agent and which securities are in a clearing corporation. If the securities are in a clearing corporation, the records shall also identify where the securities are and if in a clearing corporation, the name of the clearing corporation and if through an agent, the name of the agent.

(iii) All custodied securities that are registered shall be registered in the name of the company or in the name of a nominee of the company or in the name of the custodian or its nominee or, if in a clearing corporation, in the name of the clearing corporation or its nominee.

(iv) Custodied securities shall be held subject to the instructions of the insurance company and shall be withdrawable upon the demand of the insurance company, except that custodied securities used to meet the deposit requirements set forth in W.S.

§ 26-3-111 shall, to the extent required by that section, be under the control of the Commissioner and shall not be withdrawn by the insurance company without the approval of the Commissioner.

(v) The custodian shall be required to send or cause to be sent to the insurance company a confirmation of all transfers of custodied securities to or from the account of the insurance company. In addition, the custodian shall be required to furnish no less than monthly the insurance company with reports of holdings of custodied securities at times and containing information reasonably requested by the insurance company. The custodian's trust committee's annual reports of its review of the insurer's trust accounts shall also be provided to the insurer. Reports and verifications may be transmitted in electronic or paper form.

(vi) During the course of the custodian's regular business hours, an officer or employee of the insurance company, an independent accountant selected by the insurance company and a representative of an appropriate regulatory body shall be entitled to examine, on the premises of the custodian, the custodian's records relating to custodied securities, but only upon furnishing the custodian with written instructions to that effect from an appropriate officer of the insurance company.

(vii) The custodian and its agents shall be required to send to the insurance company:

(A) All reports which they receive from a clearing corporation on their respective systems of internal accounting control; and

(B) Reports prepared by outside auditors on the custodian's or its agent's internal accounting control of custodied securities that the insurance company may reasonably request.

(viii) The custodian shall maintain records sufficient to determine and verify information relating to custodied securities that may be reported in the insurance company's annual statement and supporting schedules and information required in an audit of the financial statements of the insurance company.

(ix) The custodian shall provide, upon written request from an appropriate officer of the insurance company, the appropriate affidavits, substantially in the form found on the Department's website located at http://doi.wyo.gov.

(x) A national bank, state bank, or trust company shall secure and maintain insurance protection in an adequate amount covering the bank's or trust company's duties and activities as custodian for the insurer's assets, and shall state in the custody agreement that protection is in compliance with the requirements of the custodian's banking regulator. The Commissioner may determine whether the type of insurance is appropriate and the amount of coverage is adequate.

(xi) The custodian shall be obligated to indemnify the insurance company for any loss of custodied securities, except that the custodian shall not be so obligated to the extent that the loss was caused by other than the negligence or dishonesty of the custodian.

(xii) In the event that there is a loss of custodied securities for which the custodian shall be obligated to indemnify the insurance company as provided in Paragraph (xi) above, the custodian shall promptly replace the securities or the value thereof and the value of any loss of rights or privileges resulting from the loss of securities.

(xiii) The agreement may provide that the custodian will not be liable for a failure to take an action required under the agreement in the event and to the extent that the taking of the action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, act of God, accident, fire, explosion, stoppage of labor, strikes or other differences with employees, laws, regulations, orders or other acts of any governmental authority, or any other cause whatever beyond its reasonable control.

(xiv) In the event that the custodian gains entry in a clearing corporation through an agent, there shall be an agreement between the custodian and the agent under which the agent shall be subject to the same liability for loss of custodied securities as the custodian. However, if the agent shall be subject to regulation under the laws of a jurisdiction that is different from the jurisdiction the laws of which regulate the custodian, the Commissioner of the state of domicile of the insurance company may accept a standard of liability applicable to the agent that is different from the standard of liability applicable to the custodian.

(xv) The custodian shall provide written notification to the insurer's domiciliary commissioner if the custodial agreement with the insurer has been terminated or if 100 percent (100%) of the account assets in any one custody account have been withdrawn. This notification shall be remitted to the Commissioner within three (3) business days of the receipt by the custodian of the insurer's written notice of termination or within three (3) business days of the withdrawal of 100 percent (100%) of the account assets.

Section 5. Deposit with Affiliates; Requirements

(a) Nothing in this regulation shall prevent an insurance company from depositing securities with another insurance company with which the depositing insurance company is affiliated, provided that the securities are deposited pursuant to a written agreement authorized by the board of directors of the depositing insurance company or an authorized committee thereof and that the receiving insurance company is organized under the laws of one of the states of the United States of America or of the District of Columbia. If the respective states of domicile of the depositing and receiving insurance companies are not the same, the depositing insurance company shall have given notice of the deposit to the Commissioner in the state of its domicile and the Commissioner shall not have objected to it within thirty (30) days of the receipt of the notice.

(b) The terms of the agreement shall comply with the following:

(i) The insurance company receiving the deposit shall maintain records adequate to identify and verify the securities belonging to the depositing insurance company.

(ii) The receiving insurance company shall allow representatives of an appropriate regulatory body to examine records relating to securities held subject to the agreement.

(iii) The depositing insurance company may authorize the receiving insurance company:

(A) To hold the securities of the depositing insurance company in bulk, in certificates issued in the name of the receiving insurance company or its nominee, and to commingle them with securities owned by other affiliates of the receiving insurance company; and

(B) To provide for the securities to be held by a custodian, including the custodian of securities of the receiving insurance company or in a clearing corporation.

Section 6. Effective Date

This regulation becomes effective upon filing with the Secretary of State.

DEPARTMENT OF INSURANCE

STATE OF WYOMING

IN THE MATTER OF THE AMENDMENT OF CHAPTER 60 OF THE WYOMING DEPARTMENT OF INSURANCE RULES AND REGULATIONS,	))))	Docket No. 67

STATEMENT OF PRINCIPAL REASONS

FOR

The Amendment of Chapter 60 of the Wyoming Insurance Department Regulations

The Department of Insurance (DOI) originally promulgated Chapter 60 of its Rules and Regulations in 2008, and it has not been substantially modified since that time. The DOI has amended Chapter 60 to address the changes in the insurance industry since the regulation was originally promulgated, and to clarify the wording to remove or avoid any ambiguity.

In addition, on or about November 25, 2013, Governor Mead required all State Agencies to reduce their Rules both in number and in length. Changes have been made to reduce and reorganize the existing regulation to comply with the Governor's directive. Such changes include utilizing consistent language, removing unnecessary and duplicative language, and eliminating reiteration of statutes.

The language of Chapter 60 is based largely upon model language drafted by the National Association of Insurance Commissioners (NAIC). The NAIC provides the opportunity for input from all states and territories, as well as from the insurance industry, regarding proposed language to be included in model regulations regarding various subjects. In the amended Chapter 60, the DOI has made some changes to reduce the wording, but has

retained much of the model language to ensure the consumer protections in the regulation are not altered.

Unfortunately, the changes to Chapter 60 have not resulted in the 30% reduction in length. Specifically, the revisions have resulted in a reduction from approximately 3,338 words in the prior version, to approximately 3,161 words in the amended version. This represents a reduction of approximately 6%. Although the desired 30% reduction in words has not been met, the changes made have helped to clarify this regulation while leaving the existing consumer protections in place.

CHAPTER 60

REGULATION OF MILITARY SALES PRACTICES

Section 1. Authority

This regulation is issued under the authority of W.S. §§ 26-2-110, 26-13-101 *et seq.*, and 16-3-101, *et seq*.

Section 2. Exemptions

(a) This regulation shall not apply to solicitations or sales involving the following, unless otherwise stated in this regulation:

(i) Credit insurance;

(ii) Group life insurance or group annuities where there is no in-person solicitation of individuals by an insurance producer or where the contract or certificate does not include a side fund;

(iii) An application to the existing insurer that issued the existing policy or contract when a contractual change or a conversion privilege is being exercised, or when the existing policy or contract is being replaced by the same insurer pursuant to a program filed with and approved by the commissioner, or when a term conversion privilege is exercised among corporate affiliates;

(iv) Individual stand-alone health policies, including disability income policies;

(v) Contracts offered by Servicemembers' Group Life Insurance (SGLI) or Veterans' Group Life Insurance (VGLI), as authorized by 38 U.S.C. Section 1965 *et seq*, and contracts offered by State Sponsored Life Insurance (SSLI) as authorized by 37 U.S.C. Section 707 *et seq.*;

(vi) Life insurance contracts offered through or by a non-profit military association, qualifying under Section 501(c)(23) of the Internal Revenue Code (IRC), and which are not underwritten by an insurer; or

(vii) Contracts used to fund:

(A) An employee pension or welfare benefit plan that is covered by the Employee Retirement and Income Security Act (ERISA);

(B) A plan described by Sections 401(a), 401(k), 403(b), 408(k), or 408(p) of the IRC, as amended, if established or maintained by an employer;

(C) A government or church plan defined in Section 414 of the IRC, a government or church welfare benefit plan, or a deferred compensation plan of a state or local government or tax exempt organization under Section 457 of the IRC;

(D) A nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor;

(E) Settlements of, or assumptions of liabilities associated with, personal injury litigation or any dispute or claim resolution process; or

(F) Prearranged funeral contracts.

(b) Nothing herein shall be construed to abrogate the ability of organizations to educate members of the United States Armed Forces in accordance with Department of Defense DoD Instruction 1344.07 – Personal Commercial Solicitation on DoD Installations or successor directive.

(c) For purposes of this regulation, general advertisements, direct mail, and internet marketing shall not constitute "solicitation." Telephone marketing shall not constitute "solicitation" provided the caller explicitly and conspicuously discloses that the product concerned is life insurance and makes no statements that avoid a clear and unequivocal statement that life insurance is the subject matter of the solicitation. Provided however, nothing in this subsection shall be construed to exempt an insurer or insurance producer from this regulation in any in-person meeting established as a result of the "solicitation" exemptions identified in this subsection.

Section 3. Definitions

(a) "Active Duty" means full-time duty in the active military service of the United States and includes members of the reserve component (National Guard and Reserve) while serving under published orders for active duty or full-time training. The term does not include members of the reserve component who are performing active duty or active duty for training under military calls or orders specifying periods of less than 31 calendar days.

(b) "Department of Defense (DoD) Personnel" means all active duty service members and all civilian employees, including nonappropriated fund employees and special government employees, of the Department of Defense.

(c) "Door to Door" means a solicitation or sales method whereby an insurance producer proceeds randomly or selectively from household to household without a prior specific appointment.

(d) "General Advertisement" means an advertisement having as its sole purpose the promotion of the reader's or viewer's interest in the concept of insurance, or the promotion of the insurer or the insurance producer.

(e) "Insurer" means an insurance company required to be licensed under the laws of this state to provide life insurance products, including annuities.

(f) "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate life insurance, including annuities.

(g) "Known" or "Knowingly" means, depending on its use herein, the insurance producer or insurer had actual awareness, or in the exercise of ordinary care should have known, at the time of the act or practice complained of, that the person solicited:

(i) is a service member; or

(ii) is a service member with a pay grade of E-4 or below.

(h) "Life Insurance" means insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or

dismemberment by accident and benefits for disability income and, unless otherwise specifically excluded, includes individually issued annuities.

(i) "Military Installation" means any federally owned, leased, or operated base, reservation, post, camp, building, or other facility to which service members are assigned for duty, including barracks, transient housing, and family quarters.

(j) "MyPay" is a Defense Finance and Accounting Service (DFAS) web-based system that enables service members to process certain discretionary pay transactions or provide updates to personal information data elements without using paper forms.

(k) "Service Member" means any active duty officer (commissioned and warrant) or enlisted member of the United States Armed Forces.

(l) "Side Fund" means a fund or reserve that is part of or otherwise attached to a life insurance policy (excluding individually issued annuities) by rider, endorsement, or other mechanism that accumulates premium or deposits with interest or by other means. The term does not include:

(i) accumulated value or cash value or secondary guarantees provided by a universal life policy;

(ii) cash values provided by a whole life policy that are subject to standard nonforfeiture law for life insurance; or

(iii) a premium deposit fund that:

(A) contains only premiums paid in advance that accumulate interest;

(B) imposes no penalty for withdrawal;

(C) does not permit funding beyond future required premiums;

(D) is not marketed or intended as an investment; and

(E) does not carry a commission, either paid or calculated.

(m) "Specific Appointment" means a prearranged appointment agreed upon by both parties and definite as to place and time.

(n) "United States Armed Forces" means all components of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

Section 4. Practices Declared False, Misleading, Dishonest or Untrustworthy on a Military Installation

(a) The following acts or practices when committed on a military installation by an insurer or insurance producer with respect to the in-person solicitation of life insurance are declared to be false, misleading, dishonest or untrustworthy:

(i) Knowingly soliciting the purchase of any life insurance product "door to door" or without first establishing a specific appointment for each meeting with the prospective purchaser.

(ii) Soliciting service members in a group or "mass" audience or in a "captive" audience where attendance is not voluntary.

(iii) Knowingly making appointments with or soliciting service members during their normally scheduled duty hours.

(iv) Making appointments with or soliciting service members in barracks, day rooms, unit areas, transient personnel housing, or other areas where the installation commander has prohibited solicitation.

(v) Soliciting the sale of life insurance without first obtaining permission from the installation commander or the commander's designee.

(vi) Posting unauthorized bulletins, notices, or advertisements.

(vii) Failing to present DD Form 2885, Personal Commercial Solicitation Evaluation, to service members solicited, or encouraging service members solicited not to complete or submit a DD Form 2885.

(viii) Knowingly accepting an application for life insurance or issuing a policy of life insurance on the life of an enlisted member of the United States Armed Forces without first obtaining for the insurer's files a completed copy of any required form which confirms that the applicant has received counseling or fulfilled any other similar requirement for the sale of life insurance established by regulations, directives, or rules of the DoD or any branch of the Armed Forces.

(b) The following acts or practices when committed on a military installation by an insurer or insurance producer constitute corrupt practices, improper influences, or inducements and are declared to be false, misleading, deceptive, or unfair:

(i) Using DoD personnel, directly or indirectly, as a representative or agent in any official or business capacity with or without compensation with respect to the solicitation or sale of life insurance to service members.

(ii) Using an insurance producer to participate in any United States Armed Forces sponsored education or orientation program.

Section 5. Practices Declared False, Misleading, or Misrepresentative Regardless of Location

(a) The following acts or practices by an insurer or insurance producer constitute corrupt practices, improper influences or inducements and are declared to be false, misleading, or misrepresentative:

(i) Submitting, processing or assisting in the submission or processing of any allotment form or similar device used by the United States Armed Forces to direct a service member's pay to a third party for the purchase of life insurance. The foregoing includes, but is not limited to, using or assisting in using a service member's "MyPay" account or other similar internet or electronic medium for such purposes. This subsection does not prohibit assisting a service member by providing insurer or premium information necessary to complete any allotment form.

(ii) Knowingly receiving funds from a service member for the payment of premium from a depository institution with which the service member has no formal banking relationship. For purposes of this section, a formal banking relationship is established when the depository institution:

(A) provides the service member a deposit agreement and periodic statements and makes the disclosures required by the Truth in Savings Act, 12 U.S.C. § 4301 *et seq*. and the regulations promulgated thereunder; and

(B) permits the service member to make deposits and withdrawals unrelated to the payment or processing of insurance premiums.

(iii) Employing any device or method or entering into any agreement whereby funds received from a service member by allotment for the payment of insurance premiums are identified on the service member's Leave and Earnings Statement or equivalent or successor form as "Savings" or "Checking" and where the service member has no formal banking relationship as defined in subsection 5(a)(ii).

(iv) Entering into any agreement with a depository institution for the purpose of receiving funds from a service member whereby the depository institution, with or without compensation, agrees to accept direct deposits from a service member with whom it has no formal banking relationship.

(v) Using DoD personnel, directly or indirectly, as a representative or agent in any official or unofficial capacity with or without compensation with respect to the solicitation or sale of life insurance to service members who are junior in rank or grade, or to the family members of such personnel.

(vi) Offering or giving anything of value, directly or indirectly, to DoD personnel to procure their assistance in encouraging, assisting, or facilitating the solicitation or sale of life insurance to another service member.

(vii) Knowingly offering or giving anything of value to a service member with a pay grade of E-4 or below for his or her attendance to any event where an application for life insurance is solicited.

(viii) Advising a service member with a pay grade of E-4 or below to change his or her income tax withholding or state of legal residence for the sole purpose of increasing disposable income to purchase life insurance.

(b) The following acts or practices by an insurer or insurance producer lead to confusion regarding source, sponsorship, approval or affiliation and are declared to be false, misleading, deceptive, or unfair:

(i) Making any representation, or using any device, title, descriptive name or identifier that has the tendency or capacity to confuse or mislead a service member into believing that the insurer, insurance producer, or product offered is affiliated, connected, or associated with, endorsed, sponsored, sanctioned or recommended by the U.S. Government, the United States Armed Forces, or any state or federal agency or government entity. Examples of prohibited insurance producer titles include, but are not

limited to, "Battalion Insurance Counselor," "Unit Insurance Advisor," "Servicemen's Group Life Insurance Conversion Consultant," or “Veteran’s Benefits Counselor.”

(A) Nothing herein shall be construed to prohibit a person from using a professional designation awarded after the successful completion of a course of instruction in the business of insurance by an accredited institution of higher learning. Such designations include, but are not limited to, Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Certified Financial Planner (CFP), Master of Science In Financial Services (MSFS), or Masters of Science Financial Planning (MS).

(ii) Soliciting the purchase of any life insurance product through the use of or in conjunction with any third-party organization that promotes the welfare of or assists members of the United States Armed Forces in a manner that has the tendency or capacity to confuse or mislead a service member into believing that either the insurer, insurance producer, or insurance product is affiliated, connected, or associated with, endorsed, sponsored, sanctioned, or recommended by the U.S. Government, or the United States Armed Forces.

(c) The following acts or practices by an insurer or insurance producer lead to confusion regarding premiums, costs, or investment returns and are declared to be false, misleading, deceptive, or unfair:

(i) Using or describing the credited interest rate on a life insurance policy in a manner that implies that the credited interest rate is a net return on premium paid.

(ii) Excluding individually issued annuities, misrepresenting the mortality costs of a life insurance product, including stating or implying that the product "costs nothing" or is "free."

(d) The following acts or practices by an insurer or insurance producer regarding SGLI or VGLI are declared to be false, misleading, deceptive, or unfair:

(i) Making any representation regarding the availability, suitability, amount, cost, exclusions or limitations to coverage provided to a service member or dependents by SGLI or VGLI, which is false, misleading, or deceptive.

(ii) Making any representation regarding conversion requirements, including the costs of coverage, or exclusions or limitations to coverage of SGLI or VGLI to private insurers which is false, misleading or deceptive.

(iii) Suggesting, recommending, or encouraging a service member to cancel or terminate his or her SGLI policy or issuing a life insurance policy that replaces an existing SGLI policy unless the replacement shall take effect upon or after the service member’s separation from the United States Armed Forces.

(e) The following acts or practices by an insurer and or insurance producer regarding disclosure are declared to be false, misleading, deceptive, or unfair:

(i) Deploying, using or contracting for any lead generating materials designed exclusively for use with service members that do not clearly and conspicuously

disclose that the recipient will be contacted by an insurance producer, if that is the case, for the purpose of soliciting the purchase of life insurance.

(ii) Failing to disclose that a solicitation for the sale of life insurance will be made when establishing a specific appointment for an in-person, meeting with a prospective purchaser.

(iii) Excluding individually issued annuities, failing to clearly and conspicuously disclose the fact that the product being sold is life insurance.

(iv) Failing to make, at the time of sale or offer to an individual known to be a service member, the written disclosures required by Section 10 of the "Military Personnel Financial Services Protection Act," Pub. L. No. 109-290, p.16.

(v) Excluding individually issued annuities, when the sale is conducted in-person with an individual known to be a service member, failing to provide the applicant at the time the application is taken:

(A) an explanation of any free look period with instructions on how to cancel if a policy is issued; and

(B) either a copy of the application or a written disclosure. The copy of the application or the written disclosure shall clearly and concisely set out the type of life insurance, the death benefit applied for, and its expected first year cost.

(f) The following acts or practices by an insurer or insurance producer with respect to the sale of certain life insurance products are declared to be false, misleading, deceptive, or unfair:

(i) Excluding individually issued annuities, recommending the purchase of any life insurance product which includes a side fund to a service member in pay grades E-4 and below unless the insurer has reasonable grounds for believing that the life insurance death benefit, standing alone, is suitable.

(ii) Offering for sale or selling a life insurance product which includes a side fund to a service member in pay grades E-4 and below who is currently enrolled in SGLI, is presumed unsuitable unless, after the completion of a needs assessment, the insurer demonstrates that the applicant's SGLI death benefit, together with any other military survivor benefits, savings and investments, survivor income, and other life insurance are insufficient to meet the applicant's insurable needs for life insurance.

(A) "Insurable needs" are the risks associated with premature death taking into consideration the financial obligations and immediate and future cash needs of the applicant's estate and/or survivors or dependents.

(B) "Other military survivor benefits" include, but are not limited to: the Death Gratuity, Funeral Reimbursement, Transition Assistance, Survivor and Dependents' Educational Assistance, Dependency and Indemnity Compensation, TRICARE Healthcare benefits, Survivor Housing Benefits and Allowances, Federal Income Tax Forgiveness, and Social Security Survivor Benefits.

(iii) Excluding individually issued annuities, offering for sale or selling any life insurance contract which includes a side fund:

(A) unless interest credited accrues from the date of deposit to the date of withdrawal and permits withdrawals without limit or penalty;

(B) unless the applicant has been provided with a schedule of effective rates of return based upon cash flows of the combined product. For this disclosure, the effective rate of return will consider all premiums and cash contributions made by the policyholder and all cash accumulations and cash surrender values available to the policyholder in addition to life insurance coverage. This schedule will be provided for at least each policy year from one (1) to ten (10) and for every fifth policy year thereafter ending at age 100, policy maturity, or final expiration; and

(C) that by default diverts or transfers funds accumulated in the side fund to pay, reduce or offset any premiums due.

(iv) Excluding individually issued annuities, offering for sale or selling any life insurance contract that after considering all policy benefits, including but not limited to endowment, return of premium, or persistency, does not comply with standard nonforfeiture law for life insurance.

(v) Selling any life insurance product to an individual known to be a service member that excludes coverage if the insured's death is related to war, declared or undeclared, or any act related to military service except for an accidental death coverage, e.g., double indemnity, which may be excluded.

Section 6. Effective Date

This regulation shall become effective upon filing with the Secretary of State.