State Relations Handbook

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Contents

I. Introduction and Purpose ........................................................................................................ 3

II. Overview of State Relations Product and Services ............................................................ 4-5
   A. Legislative Bulletins ........................................................................................................... 4
      1. Weekly Legislative Bulletins ......................................................................................... 4
      2. Legislative/Regulatory Preview Bulletin ....................................................................... 4
      3. Adjournment Bulletins ................................................................................................ 4
   B. State News Weekly and State News Flash ........................................................................ 4
   C. Issue Status Charts .......................................................................................................... 4
   D. Advance Services ............................................................................................................. 4-5
      1. Advance Laws, Proposed Regulations, Advance Regulations ...................................... 4-5

III. LT and Legislative Bulletins ................................................................................................. 6
    A. Legislative/Regulatory Preview Bulletin .......................................................................... 6
    B. Weekly Legislative Bulletin ............................................................................................ 6
       1. Obtaining Copies of Legislation .................................................................................. 6
       2. Entering Bill Information into LT for the Weekly Legislative Bulletin ......................... 7
          a. New Introductions ..................................................................................................... 7
          b. Drafting the First Legislative Bulletin ....................................................................... 7
             1. When the Legislature is in Regular Session .......................................................... 7
             2. When the Legislature is in Carry-over Session ....................................................... 7
             3. When the Legislature is not in Session that year .................................................... 7
          c. Step by Step Instructions for Reporting “B” bills in LTS .......................................... 7-9
          d. Legislative Developments ......................................................................................... 9-11
          e. Effective Dates .......................................................................................................... 11
    C. “AB” Bills vs. “B” Bills and Health Insurance Bill Reporting .......................................... 11-12
    D. Health Insurance Bill Reporting .................................................................................... 12-13

IV. Adjournment Bulletins ......................................................................................................... 14
    A. Purpose and Timeliness .................................................................................................. 14
    B. Format – Elements ........................................................................................................ 14-16
       1. Session Information ..................................................................................................... 14
       2. Political Landscape ..................................................................................................... 14
       3. ACLI Activity ............................................................................................................. 15
       4. Measures Enacted ....................................................................................................... 15
       5. Measures Failed, Vetoed, and Carried-Over ............................................................... 16

V. Coordination with Office of General Counsel Staff Issue Experts ..................................... 17

VI. State News Flashes and State News Weekly Publications ................................................ 18-19

VII. Issue Charts ....................................................................................................................... 20

VIII. LegsRegs and Advance Services ..................................................................................... 21
       1. Advance Laws ............................................................................................................. 21
       2. Proposed Regulations ................................................................................................. 21-22
       3. Advance Regulations ................................................................................................. 22

IX. Appendices ........................................................................................................................ 23
GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK

I. Introduction and Purpose

One of the primary roles of the State Relations Department is to provide comprehensive, informative, and timely state legislative and regulatory information to our member companies. In recent years, our website has become the principal means of disseminating information to our members. Through ACLI’s website, member companies can view and download state legislative and regulatory information from several sources, including: Legislative Tracking System (LT); weekly legislative bulletins; Advance Law and Advance Regulation services; issue status charts; State News Weekly and State News Flash. Each of these services requires a considerable amount of our collective time to develop and maintain throughout the course of the year. A common understanding of the processes by which our staff supports each service will promote a consistent and high-quality work product.

In an effort to promote uniformity throughout our products, this handbook will describe the internal processes needed to support reporting services we provide for our members.

GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK

II. OVERVIEW OF STATE RELATIONS PRODUCT AND SERVICES

The following products and services are all available to ACLI staff and member companies through the Web Direct email notification system. For subscription instructions, see Appendix #1.

A. Legislative Bulletins

State of the States – Provides a state-by-state breakdown of what happened in the states during the year and a forecast of what lies ahead.

Weekly Legislative Bulletin – Covers all legislation of importance to member companies.

Adjournment Bulletin – Summarizes the outcome of all legislation of importance or interest to member companies that passed or failed during the legislative session. For states that meet for two years, includes legislation that will carry over to the next legislative session. A political landscape summary serves as an introduction to a listing of all measures enacted, failed, carried-over, and/or vetoed. The political landscape summary is prepared by directors and highlights efforts made by ACLI during the legislative session to influence the outcome of legislation of importance to our members.

B. State News Weekly and State News Flash

State News Weekly – Serves as an all-purpose bulletin board for headline news on state insurance issues or other issues of relevance to the life insurance industry. Provides a weekly forum for the State Relations department to communicate timely information to member companies on particularly important topics.

State News Flash – Although similar in content to the State News Weekly, the Flash is posted on the Council’s website and sent via e-mail as site updates to members that select to receive it based on their “My ACLI” preferences. Items sent out as Flashes are also included in the Weekly service.
C. **Issue Status Charts**

Issue Status Charts track various hot issues on a state-by-state basis and provides both analysis and status. Often, these reports break down an issue into its relevant components, facilitating a more in-depth comparison from state to state. Charts require significant collaboration between State Directors, Analysts and Issues Experts.

D. **Advance Services**

The Legislative and Regulatory Information Department (LegsRegs) advances, or posts on Council’s website, all enacted legislation, proposed or adopted regulations and administrative material, i.e., bulletins, memoranda, notices, circular letters, etc., that affect our member companies’ compliance operations. Legislative directors and analysts must assist in this process by helping to identify, and in some cases advise on, pertinent laws, regulations or administrative materials that need to be advanced.

**Advance Laws** – All enacted legislation imposing or amending an insurance-related compliance requirement is advanced. *Legislation that does not impact company compliance but that is of high interest to member companies can be advanced upon request of the state director/analyst.*

**Proposed Regulations** – All relevant proposals or notices of intent to promulgate rules are advanced.

**Advance Regulations** – All relevant adopted regulations are advanced.

Pre-proposed/Draft Regulations are advance from Florida and Kentucky only.

**Advance Material** - Insurance Department bulletins, memoranda, notices, circular and the like are advanced.

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**GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK**

III. **LTS and Legislative Bulletins**

A. **State of the States Report**

Towards the end of each year and prior to Council’s Annual Meeting, Legislative Directors prepare a state-by-state breakdown of what happened in the states during the year and a forecast of activity anticipated in the next regular legislative session in their assigned states. This is assembled and distributed through Council’s website to member companies. It addresses the political climate and identifies key insurance issues with the legislature and the Insurance Department (or any other relevant state agencies) that were dealt with during the year and what we expect to consider over the course of the next year. Examples include:

- Any key changes in leadership positions in the legislature, governor’s office or Insurance Department;
- Any important bills/issues dealt with during the year and issues expected to be considered in the next session;
Any important regulatory initiatives ongoing or expected.

It is, of course, impossible to identify every possible issue likely to surface. However, for the benefit of our members, it is important to identify those issues under active consideration, as well as those that we suspect loom on the horizon. This helps us as a department to prepare for the coming year, to focus our resources most judiciously, and to provide valuable intelligence to our members.

B. Weekly Legislative Bulletin

1. Obtaining Copies of Legislation

   a. In each state, Legislative Directors (or Legislative Analysts designated as the primary "bill reader") are responsible for obtaining electronic copies of all relevant bills introduced in that state, as well as any amended and enacted versions.

   b. State Net is the Council’s primary bill resource for obtaining bill information. State Net has been given a list of topics of interest to the Council in order for legislative directors and analysts to receive legislative and regulatory updates on new introductions and proposals, and subsequent actions. Lisha will contact State Net, as necessary, to update any changes in director/analyst state assignments.

   c. If Legislative Directors decide to use any other legislative information service, the cost of the service used or proposed for use should be included in the Director’s annual library budget submission. Since more and more states are also making legislative and regulatory information available through their websites at no charge, serious consideration should be given to this alternative means of access to bill and amendment text. The LegsRegs Department maintains a chart containing helpful state web resources for your convenience.

2. Entering Bill Information into LT for the Weekly Legislative Bulletin

   All bills that would require some modification in member company operations or impose new compliance obligations if enacted must be reported in the weekly legislative bulletins. These bills are referred to as “B” or “Bulletin” bills. They are to be digested and entered into our Legislative Tracking System (LTS) for publication in our weekly legislative bulletin. It is important that these bills be reported as soon as possible after introduction. Taglines, keywords and specific discussion on key parts of the legislation should be included for B bills. For more information on the distinction between “B” bills and “AB” bills, see Section III(C).

   a. **New Introductions** – After a prefiled* or new bill has been introduced, Legislative Directors and Analysts must enter the bill information into LTS so that it will appear in the weekly legislative bulletin and can be easily tracked throughout the session.

   * (Prefiled bills are treated differently in states. Some states prefile bills before the session formally begins but the bill stays the same throughout the process, eg.
Texas. Other states use one number for prefiled bills and another number once formally introduced, eg. Kentucky, Maine.)

b. **Drafting the First Legislative Bulletin** - When drafting a state’s first Legislative Bulletin of each legislative session, please include an introductory paragraph detailing the schedule of the session and, if applicable, any other information regarding elections, the political climate or issues you expect to be addressed in the state (such information varies from state to state). The draft introductory paragraph should be drafted in MS Word separately and submitted to Lisha along with the legislative bulletin. **Examples** of the opening of the introductory paragraph are:

1. **Example 1: When Legislature is in Regular Session:**
   “The 2009 Regular Session of the Utah Legislature convened on January 17, 2009 and (use “is expected to” for states with flexible adjournment dates; use “will” for states with set adjournment dates) adjourn on March 2, 2009.”

2. **Example 2: When Legislature is in carry-over Session:**
   “The 2008 carry-over session of the Virginia Legislature reconvened on January 11, 2008 and (use “is expected to” for states with flexible adjournment dates; use “will” for states with set adjournment dates) adjourn in June. This is the second year of a two-year session. Bills not acted upon in 2008 are considered active and carried-over to the 2009 Regular Session.”

   The final sentence should read: “Bills of interest to member companies will be reported as they are introduced,” or, “The following bills of interest to member companies have been introduced.”

3. **Example 3: When Legislature is not in session that year:**
   “The Oregon Legislature will not meet in 2009. The Legislature will reconvene in January 2010.”

c. **Steps for Reporting Every “B” bill in LTS:**

4. **Step 1: Priority Designation:** Select the “B” designation since it is being reported in a legislative bulletin.

5. **Step 2: Tag Line:** It is a brief, topical description of the bill, designed to allow member companies to skim the list of bills reported and focus only on those that would affect their company’s operations or product lines.

   A tag line may be based on but need not be limited to a keyword. **[Example: LIFE INSURANCE: PAYMENT OF INTEREST ON DEATH CLAIMS].**

   **Avoid** using tag lines that are too general to serve this purpose. **[Example: INSURANCE: GENERALLY].**

6. **Step 3: Position:** Identifying ACLI’s position on a bill helps our members distinguish between those bills we are actively lobbying versus those we are not. Our position on legislation should be selected from the following list of options available in LTS:
a. **Support Actively** - ACLI strongly supports, and is actively seeking enactment of the legislation.

b. **Support** - ACLI supports the legislation.

c. **Support Conditionally** - ACLI supports the legislation on the condition that certain provisions are amended to address ACLI’s concerns.

d. **Monitor** - ACLI is monitoring this legislation because of its general interest to member companies. (“Monitor” should also be used when ACLI’s position is yet to be ascertained. Once a position is determined, it should be changed accordingly in LTS.)

e. **Oppose** - ACLI opposes the legislation.

f. **Oppose Actively** - ACLI strongly opposes, and is actively seeking defeat of the legislation.

g. **Oppose Conditionally** - ACLI opposes the legislation unless and until certain provisions are amended to address ACLI’s concerns.

h. **Neutral** - ACLI neither supports nor opposes this legislation.

i. **Pending** - ACLI’s position is yet to be ascertained. Once a position is determined, it is changed accordingly in LTS.

7. **Step 4: Keyword(s):** One or more keyword(s) that describe(s) the content of the legislation should be selected from the list available in LTS. [Appendix #4 provides a list of keywords and descriptions].

8. **Step 5: Drafting the Digest for a New Bill:**

a. **Bulletin Section Field** - “Prefiled” can be selected when a bill and its text is available prior to introduction. For newly introduced bills select “New Introductions.” Subsequent reports updating members on the bill should be reported as a “legislative development.” Selecting these fields organizes the final comprehensive bulletin by listing the bills beginning with “Prefiled” or “New Introductions,” followed by “Legislative Developments.”

If a previously prefilled bill is changed or is assigned a new number, a complete digest which references the prefilled bill should be included with “New Introductions” when the bill is introduced. If neither the text nor numbering of the prefilled bill has been changed, the official introduction of the bill can be included as “Legislative Developments” without a complete digest.

b. **Current Digest Field** - A brief but informative summary of the bill’s impact on insurer operations. Where appropriate, some editorial comment on sponsorship or prognosis should be added for significant legislation (e.g., introduced at the request of the Insurance Department; sponsored by Assembly Majority Leader; appears unlikely to advance this session).
1. **Style:** The digest should be written in the conditional tense
   **[Example:** Would prohibit insurers from using genetic test results for underwriting].

   However, if information on existing law is needed to explain the intent of the bill, the present tense should be used.
   **[Example:** While existing law requires life insurers to file policy forms with the Insurance department, this bill would exempt life insurers from such filings].

2. **Reference to Code Sections:** A reference in the digest to code sections created, amended or deleted by the legislation is not required, unless it amends codes other than the Insurance Code. If a bill falls under this category, it should be specified in the digest.
   **[Example:** “Would amend the Civil Code” or “Would add a new section to the Revenue and Taxation Code to...”].

3. **Reference to Bill Sections:** Reference in the digest to sections that are of specific compliance and lobbying interest to members should be made in omnibus bills and bills that relate to multiple issues.
   [Example: Section 1 would require examination passage prior to completion and filing of the application for a license. Section 32 would delete current law relating to nonresident life or accident and health insurance brokers. Section 98 would add definitions of “Enterprise Risk” and “Hazardous Financial Condition:...”]

4. **Companion Bills:** If reporting on simultaneously introduced companion or “same as” bills in the same issue of a legislative bulletin, provide a digest for the Senate bill only and a reference to the Assembly or House bill in parenthesis after the digest.
   **[Example:** Would authorize the insurance commissioner to promulgate rules to adopt the 2001 CSO Mortality Tables. (Same as A. 10281)].

   For the Assembly or House companion bill digest, state the Senate companion bill number only. A digest is not required.
   **[Example:** (Same as S. 6908)]. The tagline, priority designation, and keyword must be the same as its Senate companion bill.

   If reporting on a subsequent introduction of a companion bill to a bill that was previously reported in a legislative bulletin, it must be reported as “New Introductions”. You can copy and paste the digest from the previously reported companion bill, if the language is identical.

   In addition, for those bills that are “similar to” rather than “same as” its companion bill, use the words “similar to” rather than “same as”.
   **[Example:** (Same as A. 968) or (Similar to A. 968).]**
c. **Staff Notes (Optional):** These notes are not visible to member companies and viewed by internal staff only. Staff notes can be used for a variety of purposes such as storing information about communication with legislators, regulators and member companies that would not necessarily be appropriate to include in the legislative bulletin or communicating information to Advance Law editors concerning compliance components or political importance of the bill or effective dates.

Staff notes can also be used to note any legal research done in the process of analyzing the bill.

**Example:** Section 1789.29 referenced in section 1 of the bill applies only to state agencies. Section 1789.82 referenced in section 2 of the bill applies to insurance companies.

**Example:** Section 41-3616 referenced in section 1 of the bill applies to the Insurance Guaranty Association (covering P&C, not life). Section 41-4313 referenced in section 2 of the bill applies to the Life and Health Guaranty Association.

Once a week, a designated Legislative Analyst will add relevant information regarding Flashes and State News Weekly items to the Staff Notes of the referenced bills.

9. **Step 6: Save the information:** It is highly encouraged that information be saved as the bill is updated, instead of waiting until the end to save it.

d. **Legislative Developments** – After a “B” bill has been initially reported in the weekly legislative bulletin, any **material amendments or subsequent legislative activity** should be reported in the “Legislative Developments” section of the bulletin. Please note that some states show amendments with respect to existing law whereas some states show amendments to previous versions of a bill. Care should be taken when analyzing amendments of bills in AL, CA, DC, DE, LA, MD, MI, NH, NJ, NM, PA, SC, SD, TN, and WY.

1. Examples of material amendments would include any amendment or committee substitute that would include new or different subject matter that would impact member company operations than what was previously reported in the Current Digest.

   a. **Legislation based on a Model law or regulation that reflects initial and subsequent deviations from the Model:**

   **Original digest:**
   Would relate to certain disclosure standards for certain annuity contracts. Would adopt the NAIC Annuity Disclosure Model Regulation. Would add an exemption for annuity contracts used to fund contracts for prepaid funeral benefits.

   **Subsequent digest explaining committee substitute:**
   As substituted in the Senate State Affairs Committee, would remove exemption for variable annuities; would provide FINRA safe harbor language with respect to using FINRA approved disclosures for variable annuity products. Voted favorably from the Senate State Affairs Committee on May 14.
b. Legislation correcting drafting errors of previous version of the bill:

Original digest: Would relate to the use of senior-specific certifications and professional designations in the sale of life insurance and annuities. Would follow the NAIC Senior Designations and Professional Certifications Model Regulation.

Subsequent digest explaining corrections: As substituted in the Senate State Affairs Committee, would clarify that the law only applies to resident agents; would provide an April 1, 2010 compliance date for the agent continuing education requirements; and would provide cleanup language to correct drafting errors in the Senior Certifications and Professional Designations sections of the bill to track the NAIC Model. Was voted favorably from the Senate State Affairs Committee on May 14.

c. Legislation that is amended to add or delete exemptions for certain insurance products:

Original digest: Would relate to health insurance and would require coverage for diagnosis and treatment of autism spectrum disorder. Would not specifically exclude long-term care and disability income insurance.

Subsequent digest: Substituted on Senate Floor to provide exemptions for long-term care and disability income insurance. Passed the Senate by unanimous vote on February 9.

At a minimum, passage by each chamber of the legislature and gubernatorial action should be reported only if there have been no material amendments to report (i.e., the bill passes the legislature without amendments or substitutions).

If the legislation is of significant importance to member companies during a particular legislative session (i.e., ACLI is seeking passage of Model legislation consistent with ACLI goals), consideration should be given to also reporting bill movement through committees in addition to introduction, passage by each chamber of the legislature and gubernatorial action.

As the session progresses and bills are passed, amended, or fail legislative directors and analysts must provide an update in LTS so as to keep member companies informed of pertinent activity. The process for entering legislative updates into LTS is identical to that of new introductions except for the following:

1. **Bulletin Selection** - Select “Legislative Developments.”

2. **Tag Line and Key Words** - When a bill has been amended to include new or a different subject matter, alter the Tag Line and add or remove key words accordingly.

3. **Current Digest**
   a. **Amendments**: The digest should remain in conditional tense when referring to the effects of the bill.
      
      [**Example**: As amended in the House Committee on Insurance on July 20, 2009, would...]

b. Legislative movement: Legislative movement such as House or Senate passage should be added at the end of the digest in parentheses and should include any relevant dates.


It is also acceptable to state the House or Senate or committee passage, or any significant action as a segue to the digest.

[Example: As amended in the Senate Committee on Financial Services on July 31, 2009 and passed by the full Senate on August 2, would......]

c. Companion Bills: If reporting on a subsequent introduction of a companion bill to a bill that was previously reported in a legislative bulletin, it must be reported as a new introduction. You can copy and paste the digest from the previously reported companion bill, if the language is identical. Then follow the same procedure above in Section III(2)(C) for reporting new introductions. Occasionally in some states, a bill is amended before its companion is introduced. In this case, briefly summarize the difference from its companion bill and any comments if known on how they will be reconciled.

d. Enactments: When a bill becomes law, the digest should be updated to reflect the enactment. The first line of the digest should state either the date the bill was signed by the governor or the date the bill was enacted without the governor’s signature.

[Example: “Signed by the governor on July 10, 2008” or “Became law without the governor’s signature on July 10, 2008.”]

This line should be followed by a brief description of the impact of the law and the effective date.

[Example: Signed by the governor September 29, 2008. Requires life insurers to retain documents for five years. Effective January 1, 2009.]  
[Example: Signed by the governor September 29, 2008. Requires life insurers to retain documents for five years. Effective 90 days after adjournment.]  

If the law will be advanced by ACLI Advance Law Services before the enacted digest is reported in the next legislative bulletin, you should add the phrase in parentheses directly following the effective date:

If the law will be advanced after the enacted digest is reported in the bulletin, follow the example above but then add that it “will” be available: This gives member companies advance notice that the text is available now on our website or will be available in the near future. It serves as a member benefit.

[Example: “(ACLI edited text of law will be available through Council’s Advance Law Service.)”]

e. **Effective Date:** When a bill has been enacted, the effective date must be entered in after the digest (see examples above) and in the “effective date” data field in LTS.

C. **“AB” Bills vs. “B” Bills**

1. **“AB” bills vs. “B” bills:**

   a. **What is an “AB” bill?:** “AB” bills are bills that are of general interest (no compliance obligation) or currently have no direct impact but may be likely amended to apply specifically to member company operations. These bills are not reported in the weekly legislative bulletin. They are given an “AB” priority designation for monitoring purposes only. However, if they are subsequently amended to impose a compliance obligation, the priority should be changed to “B” and the bill should be reported immediately in the legislative bulletin with a digest, appropriate tag line, keyword(s) and position.

   If it was amended late in the session and was not brought to ACLI staff attention until after the session adjourned, these bills should be reported in the adjournment bulletin and the digest should briefly specify its history leading up to enactment. The priority designation should be changed to “B”.

   b. Legislative directors and analysts should use the LTS Keyword Chart as a good point of reference in determining whether a bill should be labeled as “B” or “AB.”

   In LTS, “AB” bills should be given a keyword and a tag line only. A digest need not be prepared unless and until the bill is enacted and fits the requirements specified above in (a). Since “AB” bills by definition are general interest bills and involve no lobbying activity on our part, an indication of ACLI’s position is not necessary.

   c. **What is a “B” bill?:** “B” bills are bills reported in LTS for publication in the legislative bulletin. They are bills that have a compliance obligation, amend provisions referenced in ACLI compliance material, are of high general interest to member companies, impact member companies’ operations in some way, and/or involve lobbying activity by ACLI legislative directors. They are immediately reported in LTS with a tagline, keyword(s), digest, and position. **The key question to ask when reviewing bills is:** If enacted, will the new law change (positively or negatively) the manner in which an insurance company carries on its insurance business? If yes,
D. Health Insurance Bill Reporting

1. Health Insurance: Long-Term Care or Disability Income Insurance

Long-term care insurance and disability income insurance are both of significant importance to our membership and the centerpiece of ACLI’s retirement security initiative. Consequently, any bill that has a direct impact on these lines of insurance must be reported in detail in our weekly legislative bulletins, and brought to the attention of Miriam Krol (LTC) or Steve Clayburn (DI) for an appropriate determination of our policy position and lobbying strategy. When sending the bill and any relevant information to Miriam and Steve, legislative directors and analysts are asked to provide a brief synopsis, relevant dates and state director’s contact information in accordance with Subsection V. Coordination with Office of the General Counsel Staff Issue Experts of this Handbook.

The problem confronting ACLI in many states is that any given health insurance bill is potentially a long-term care insurance or disability income insurance bill. All too often, legislation designed to apply only to “disability” or “accident and sickness” insurance has swept in long-term care or disability income insurance, due to ambiguity in the legislation or the lack of a precise definition of these lines of insurance elsewhere in the law (and sometimes both). Some particular types of health insurance legislation (such as genetic testing prohibitions, mental health parity, external grievance review, and those which impose a financial assessment) can significantly impact our members if determined to apply to long-term care and/or disability income insurance.

a. Categories of Health insurance bills: For our reporting purposes, they fall into three general categories:

1. Bills that specifically apply to LTC/DI:

   These should be treated as “B” bills, with references to health insurance, LTC and/or DI in the tag line. Keywords for these bills should include “Health Insurance,” “Long-Term Care Insurance” and/or “Disability Income Insurance.” The digest should explain the impact on LTC/DI.

2. Bills that do not specifically exclude LTC/DI, and therefore could be interpreted to so apply:

   These should be treated as “B” bills, with a reference only to “Health Insurance” in the tag line. Keywords for these bills should include “Health Insurance,” “Long-Term Care Insurance” and/or “Disability Income Insurance.” The digests should state that LTC/DI “are not specifically excluded.”

   **Example:** “(Does not specifically exclude disability income and long-term care insurance.)” or “(Excludes long-term care insurance but does not specifically exclude disability income insurance.)”

   If these types of bills are enacted, and do not appear to include disability income or long-term care insurance, at the director’s discretion, you can add the following at the end of the phrase above:
3. **Bills that specifically do not apply to LTC/DI:**

These should be treated as "AB" bills, and assigned the “Health Insurance” keyword. Digests for these bills need not be prepared. If they are subsequently amended to apply in part or whole to LTC/DI, they should be reported in the legislative bulletin and their priority designation should be changed to “B”. See Section III(2)(C) above for more on amendments and priority designation.

**b. EXCEPTIONS to Guidelines Governing Health Insurance Bill Reporting:**

Genetic testing, mental health parity, and external grievance bills that specifically do not apply to LTC/DI should be treated as “B” bills. The digest should state that LTC/DI “are specifically excluded.”

**c. Types of Health Insurance Bills Not Tracked:** Health insurance bills that apply only to Medicare supplement insurance, Blue Cross/Blue Shield, or HMOs only should not be tracked. At the discretion of the Legislative Director, these bills may be “AB’d” if the subject matter is important and the potential exists that they could be amended to apply to other product lines.

It is impractical to seek an LTC/DI exclusion from every health insurance bill that is introduced. However, it is important to provide Miriam and Steve a copy of all health insurance bills of the type described above (e.g., mental health parity, external review) that would apply to LTC and DI, or from which these lines are not clearly exempted. Their respective committees will help prioritize those bills that require our staff to seek remedial amendments. Reporting of these bills should be done in accordance with Subsection V. Coordination with Office of the General Counsel Staff Issue Experts of this Handbook.

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**GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK**

### IV. Adjournment Bulletins

#### A. Purpose and Timeliness:

The primary purpose of the Adjournment Bulletin is to summarize all legislation of importance or interest to member companies that passed or failed during the legislative session, or which carried over to the next legislative session. In addition to the above, the purpose of the Adjournment Bulletin is to convey information regarding the state’s political landscape, and to highlight efforts made by ACLI during the legislative session that influenced the outcome of legislation of importance to our members.

All Adjournment Bulletins should be prepared no later than 45 days after the governor signs the last “B” bill that passed both chambers, or in some cases, the last “B” bill that became law without his/her signature. For states with a two-year session, an adjournment bulletin should be prepared after the legislature recesses for a measurable period of time and it is certain it will not meet until the next session, and after the governor has acted on all “B” bills sent to him for his action.
If it is likely the legislature will meet to consider bills of interest to member companies, preparation of an adjournment bulletin can wait until after they meet.

B. Format:

1. **Session Information:** The opening paragraph of the Adjournment Bulletin should provide important session information, such as the dates the legislature convened and adjourned, whether bills not acted upon failed or carry-over for consideration the following year, and the time period within which the Governor must act to approve or veto legislation. An example of an introductory paragraph is as follows:

   **Example:** “The 2008 Regular Session of the Utopian General Assembly convened on January 10, 2008 and adjourned on June 30, 2008. All measures not finally acted upon carry-over for consideration during the 2009 Regular Session, which is scheduled to convene on January 12, 2009. Governor Scully had until August 30, 2008 to sign approve or veto bills passed by the legislature, after which date such bills became law without her signature.”

2. **Political Landscape:** In this paragraph, information is provided that gives the reader an idea of the political landscape of the state throughout the course of the legislative session. If elections were held during the current session or at the end of the previous session that impacted the current session, the composition of the state legislature may also be discussed at the discretion of the state legislative director. Hypothetical examples of sentences conveying such information are:

   **Example 1:** The Republicans strengthened their control over the Senate (37-25) and Senator Joseph Bruno continues to serve as President Pro Temp. The Democrats now have a veto-proof majority (103-47) and Assemblyman Sheldon Silver continues as Speaker. The entire legislature will be up for reelection in November 2004 and the budget will again take front and center in the legislative process.

   **Example 2:** “Partisan bickering between the Democrat-controlled Assembly and the Republican Senate resulted in the passage of very few bills this year. Of the 100-plus insurance-related bills that were introduced, only two actually reached Governor Ventura’s desk.”

   **Example 3:** “Political fall-out from the Martin Frankel debacle continued as Insurance Commissioner Mulder resigned from office following intense criticism that he failed to detect the $150 million fraud. The legislature responded by introducing several tough solvency and anti-fraud measures.”

3. **ACLI Activity:** The Adjournment Bulletin represents an opportunity for staff to highlight their efforts that influenced the outcome of significant legislation on behalf of member companies. In the past, staff may have worked for weeks to organize and lead opposition to onerous legislation, only to have that effort reduced to a tag line in the “Measures Failed” section of the bulletin. Prepared tactfully, this section of the Adjournment Bulletin can help demonstrate to our members the value of their membership in ACLI. Examples of sentences describing ACLI efforts are:

   **Example 1:** “ACLI worked closely with XXX to pursue amendments to legislation governing the illustration and disclosure practices of life insurers. As amended, the bill now tracks the NAIC Life Insurance Disclosure Model, which the ACLI supports.”
[Example 2: After securing a number of amendments, we were able to support S. 484 which revises the insurable interest law with respect to corporate-owned life insurance (COLI) so that it substantially follows the NAIC guidelines. While there was an attempt by the bar association early on to push for the Uniform Arbitration Act with provisions empowering the arbitrator to award punitive damages, we were able to convince them not to support the bill (S. 132) and it died in Committee. We expect it to arise again in 2009.]

[Example 3: “ACLI and domestic insurers pushed hard for amendments to the standard valuation law authorizing the Insurance Commissioner to adopt new reserve standards for term life insurance, as well as new annuity mortality tables. These efforts culminated in the enactment of S. XXX. The Commissioner is in the process of promulgating implementing regulations as of this writing.”]

[Example 4: One issue that caused considerable concern for the insurance and banking industries was the proposed Financial Protection for the Elderly Act, H. 1287 and its companion S. 2092. This legislation would have created a new cause of action against insurers and provided punitive damages. While the Senate maintained enthusiasm for the proposal despite vigorous opposition from ACLI and others, the House bill sponsor, Rep. Marco Rubio, House Majority Leader, grew more disenchanted with the bill the more he understood its potential consequences. As a result, Rep. Rubio allowed the bill to die and the Senate followed his lead, seeing that time and energy would be wasted in passing a bill the House was almost certain to reject.]

4. Measures Enacted: This section includes digests of all “B” bills that were reported and enacted during the legislative session and “AB” bills that were changed to “B” at the conclusion of the session.

- The verb tense in the digest must be changed from conditional (Would amend the Taxation Code to...) to present tense (Amends the Taxation Code to...).

- The effective date must be stated after the digest and in the “Effective Date” field in LTS.

- If copying and pasting the digest from a previous legislative bulletin that reported the bill as “Signed by the governor” or “Enacted without the governor’s signature,” the specified phrases should be removed.

- If the law has been advanced by ACLI Advance Law Services, the final line of the digest should read in parentheses: “[ACLI edited text of law available through Council’s Advance Law Service].” If the bill has not been advanced yet, please check with staff from the Advance Law Service so that the accurate status is reflected in the bulletin.

Communication with Gigi Somers, who leads the Advance Law Service team, is very important. Gigi and the director or analyst should collaborate to make sure that appropriate bills have been posted on the Website as Advance Laws and identified as such in the Adjournment Bulletin. The director or analyst should give Gigi a draft of the adjournment bulletin before it is sent to Lisha for final posting. The director/analyst should check the list of bills identified as Advance Laws against what is on our Advance Law website before sending the draft Adjournment Bulletin to Gigi, who will review a second time. Notify Gigi immediately if there is a compliance-related bill in the Adjournment Bulletin that was never reported in a previous Legislative Bulletin (and thus, never posted as an Advance Law). Depending on when notice is given to Gigi, the bill may be advanced before the Adjournment Bulletin is posted. If not, then it should be noted after the digest that the “ACLI edited text of
law will be available through Council’s Advance Law Service.” (See Section III(B)(2)(d)(3)(d)).

- **Tag Line and Keyword**: If the bill was amended during its course through the legislature, the Tag Line should be changed to reflect only the subject matter(s) as enacted. **Do not** use the word “GENERALLY” in the Tag Line. The keyword(s) must also be changed to reflect the bill as enacted. At the discretion of the director, the previous keywords may be removed.

5. **Measures Failed**: Lists all “B” bills that failed passage.

6. **Measures Vetoed**: Lists all “B” bills that were vetoed by the governor.

7. **Measures Carried-Over**: Lists all “B” bills that did not pass during the first year of a two-year session, but are considered active and may still be considered during the second year.

These sections may not all apply in a given state. Before compiling each Adjournment Bulletin it would prove useful to check previous Adjournment Bulletins for that state.

**GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK**

**V. Coordination with Office of the General Counsel Staff Issue Experts**

When it is deemed appropriate to solicit input from an OGC staff issue expert, it is the responsibility of the legislative director/analyst to perform any necessary analysis **prior** to forwarding the bill, regulation, or related document to the staff issue expert. The necessary analysis should include all of the following (as applicable to the issue) and be provided to the staff issue expert:

- The state, bill, regulation, or bulletin number; and what input is being requested (i.e., FYI only, require answers to specific questions; feedback for comment letter, request to schedule a conference call) in the subject line of the e-mail or in the first line of the body of the e-mail;

- The bill/regulation number and bill/regulation text (an electronic link to the bill/regulation text from a public website is sufficient) and numbers and text of companion bills or previous bills or regulations addressing the same issue(s) if any;

- A review of and current text of law and definitions that may be needed by the staff issue expert to determine the impact of the legislation/regulation (e.g., the current statutory definition of “health insurance plan” to determine whether disability income or long-term care insurance is included or excluded in a bill relating to health insurance plans; the current relevant subsections of law that are not reproduced in a bill that proposes to amend a particular section of the law; or the relevant enabling statute for a proposed regulation);

- A comparison of the proposed legislation/regulation to the respective NAIC Model, if any, to identify deviations (e.g., the bill substantively tracks the NAIC Model, except that Section 7 of the Model is not included);

- Whether the state trade association or other lobbyists are involved or have been contacted;
• Political intelligence, if available, on why the bill/regulation is being proposed and timing on the movement (e.g., a prior report or industry meeting that outlined a perceived problem that needs to be addressed; a timeframe for action or comments, such as the date of a scheduled hearing or deadline for written comments; or reporting that the bill is not likely to move because of legislative deadlines);

• Subsequent developments, including communication with legislators or regulators should be reported to the staff issue expert in a timely manner. (e.g., the scheduling of hearings and timing of testimony/comments due; outcome of hearings; status of amendments being sought; failure or passage of a bill or modification/adoption of a proposed regulation, including the effective date; and updates from state trade associations when ACLI is not the lead lobbyist).

Legislation and regulations important enough to be reported in the weekly Legislative Bulletin, State News Weekly or a State News Flash should be provided as soon as possible to the staff issue expert responsible for handling the subject matter covered in the legislation or regulation. The staff issue expert should:

• acknowledge receipt of the communication (by return e-mail or telephone call) advising the legislative director and/or analyst that the issue has been or will be reviewed shortly;

• provide guidance and language on specific amendments, written comments, and/or talking points that may be needed;

• provide information, if applicable, on activity in other states or at the NAIC on this issue; and

• advise the legislative director/analyst whether the expert will need to seek additional guidance from an ACLI committee or task force with jurisdiction over the issue for purposes of coordinating strategy, drafting written comments and/or talking points, or developing new policy.

If appropriate, a time frame for next steps in providing guidance should be established between the staff issue expert and the legislative director/analyst after the initial outreach has been made to the staff issue expert. (e.g., The Suitability Quick Response Team has a conference call scheduled next Tuesday, when we can raise the issue with them. Does that work for you, or do you need immediate feedback?). The staff issue expert should also provide member companies with a link to information posted by the legislative director rather than re-posting an item when advising member companies on a specific issue.

It is the responsibility of the staff issue expert, not the legislative director, to see that the legislation/regulation is distributed to the appropriate committee and copy the legislative director on any feedback from member companies. The staff issue expert should also advise the legislative director when scheduling committee calls and including the item on the upcoming agenda so that the legislative director can participate in conference calls and meetings with member companies. It is also the responsibility of the staff issue expert to assist in the drafting of written comments and/or talking points on substantive issues raised by the legislation/regulation that need to be addressed. In order to facilitate the drafting of written comments, the legislative director should provide the staff issue expert a draft of the written comments letter (i.e., a “fill-in-the-blanks” letter), which would include the name and address of the recipient of the letter; the subject line; the salutation; the opening paragraph describing ACLI and its member companies; and any other pertinent information the legislative director thinks should be included in the written comments. The staff issue expert and the legislative director/analyst should coordinate efforts to ensure the written comments and/or talking points accurately reflect ACLI policy and/or ACLI members’ stance on a particular issue when there is no established policy.
The staff issue expert should inform the legislative director of any direct contact with state regulators on issues that are currently under review in the region. In addition, to ensure consistent and effective communications, the staff issue expert and legislative director should coordinate before scheduling or conducting any outreach to state regulators.

There are emergency situations in which the legislative director or the staff issue expert is not in a position to immediately provide an analysis as outlined above or guidance on how to proceed with a particular issue due to scheduling conflicts or unavailability (e.g., business travel, illness, vacation). These situations should be the exception rather than the rule to follow in the coordination of issues between State Relations and the Office of General Counsel. Every effort should be made by the legislative director/analyst to coordinate internally with other State Relations staff when needing assistance in providing the staff issue expert, as soon as practicable, with the necessary analysis described above. It is the staff issue expert’s responsibility to provide alternative support to State Relations staff in instances where the staff issue expert will be unavailable to respond to a request. (e.g., a notification e-mail to State Relations that the staff issue expert will be out of the office for two weeks, and naming another staff issue person and/or member company representative who the legislative director/analyst may contact for guidance during his/her absence). In situations where it is unclear who to contact, the managers of each department would be the proper person to contact (i.e, Paul Graham or Bruce Ferguson).

These guidelines are meant to provide best practices for interaction between staff issue experts and legislative directors/analysts, and to foster flexibility, mutual support, communication, and respect between the staff of the two departments. There may be situations where both the legislative director/analyst and the staff issue expert mutually decide when other steps are needed or when certain steps are unnecessary.

**GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK**

**VI. State News Flashes & State News Weekly Publication**

A. **State News Flash**: An all-purpose electronic bulletin board for headline news on state insurance issues released immediately to membership. It provides a forum for the State Relations department to communicate timely information immediately to member companies on legislative, regulatory and other developments in the states. Flashes generally fall into four categories:

1. **News on Bills of Interest or Regulatory Issues**: Does not replace the information in a weekly legislative bulletin. Rather, it gives the state director the opportunity to convey a quick, timely update on certain bills or regulatory activity that have been of particular interest to member companies, or requires member company response/compliance immediately, or immediate attention from member companies. On the regulatory front it includes any information involving regulatory actions, regulatory interpretations, Departmental bulletins or letters and, of course, any proposed or adopted regulations. (The Legislative Director/Analyst should copy the Staff Issue Expert on relevant State News Flashes in accordance with Subsection V. Coordination with Office of the General Counsel Staff Issue Experts of this Handbook. For regulations and administrative material, also copy the “Reg Editors” mail list in Outlook to ensure material is posted on the Advance Services page.)

2. **News on NAIC Issues**: Includes a broad range of information including, but not limited to, efforts on a particular subject or issue, work on a Model Act or Regulation, or any other general information that a director or staff of the Office of General Counsel (OGC) feel is appropriate to convey to members.
3. **General News Items (i.e. everything else!):** Includes elections, appointments, resignations, transfers of authority, meetings, conference calls, etc. Often-times, repeated member inquiries on a particular subject can be answered with a flash.

For categories 1 and 2 above, there are several standard items that a director or issue expert should submit. These criteria remain the same regardless of whether the issue is legislative, regulatory, or NAIC related. They are: 1) something is being considered for proposal; 2) something is being formally proposed; 3) something is being adopted; 4) action is being taken by an authority; 5) what the ACLI is doing about 1-3; 6) what the industry is doing about 1-3; 7) proposals made by ACLI; 8) reactions to ACLI proposals; 9) meetings we hold or participate in on an issue and any results of that meeting; 10) compromises that have been reached or rejected; 11) when time has passed, the continued lack of action on an issue (e.g., "ACLI is still awaiting a response from the Department regarding our proposed solution to the problem"); and 12) any final result on an issue. [**Appendix #2** provides instructions on the format and procedure for submitting a Flash].

Wherever possible, Flashes should not only convey objective, factual information but it also should promote the ACLI’s role in the process. [**Example:** Do not simply say "A hearing was held"; rather say "The ACLI testified at a hearing."]

Flashes should also be used to key readers to the existence of items elsewhere on ACLI’s website, such as proposed regulations, insurance department bulletins, advanced laws and regulations, comment letters we have sent, drafts of proposals, issue charts, etc.

Items should be submitted to Brad Rawls and Lisha Hanna for immediate publication. Any links in Flash items should not be linked directly in the report. Rather links should be provided at the end of the item with instruction as to where the link should be in the text of the Flash. (The Legislative Director/Analyst should copy the Staff Issue Expert on relevant Flash Items in accordance with Subsection V. Coordination with Office of the General Counsel Staff Issue Experts of this Handbook.)

**B. State News Weekly:**
Assembled each week, the State News Weekly is similar in scope to the State News Flash. However, the State News Weekly also includes updates on issues that are as time-sensitive as the State News Flash.

Items should be submitted to Brad Rawls and Lisha Hanna by COB on Wednesday for publication on Thursday. Any links in State News Weekly items should not be linked directly in the report. Rather links should be provided at the end of the report with instruction as to where the link should be in the text of the weekly item. (The Legislative Director/Analyst should copy the Staff Issue Expert on relevant State News Weekly Items in accordance with Subsection V. Coordination with Office of the General Counsel Staff Issue Experts of this Handbook.)

The State News Weekly also includes a weekly calendar of upcoming hearings (or any other relevant dates) on legislative or regulatory matters in the states. State directors should include such hearings in the State News Weekly report they submit to Brad and Lisha.

**GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK**

**VII. Issue Charts**

A. Another important service we provide to our members is the preparation of active issue status charts. These charts track an issue on a state-by-state basis, providing both analysis and status.
Often, these reports break down an issue into its relevant components, facilitating a more in-depth comparison from state to state. Responsibility for developing and maintaining active issue status reports rests with the issue expert and designated legislative analysts or staff, but also requires the cooperation of all legislative directors. On a periodic basis, the issue expert may ask Legislative Directors to provide certain information needed to develop the report, or may distribute a draft report so that directors can verify the status of legislation/regulations in their assigned states. Timely response to these requests is expected of all legislative directors. Web posting assistance for issue charts can be provided by Legs Regs’ Desktop Publishing Specialists.

B. Issue Status Charts should be created in accordance with the ISC Procedures and in coordination with issue experts. Issue Status Charts should be reviewed and updated periodically throughout the year in accordance with those procedures and an annual wrap up of the Issue Status Chart is required at the end of the year.

GUIDELINES FOR BILL REPORTING AND REVIEW HANDBOOK

VIII. LegsRegs and Advance Services

The Legislative and Regulatory Information Department (LegsRegs) advances, or posts on the ACLI website, enacted legislation, proposed and adopted regulations (which include administrative material) that affect our member companies’ operations. Legislative directors and analysts are occasionally asked to help determine if a law, regulation or certain administrative material should be advanced. State Relations staff must use the ACLI Advance Service links when reporting on regulatory items in the State News Weekly or Flash, if they are available on our website.

The following is a list of products produced by the LegsRegs Department and the manner in which legislative directors and analysts assist in their timely production:

1. **Advance Laws (called “advance” because they are distributed by ACLI in advance of their codification by the states):** All enacted legislation imposing or amending an insurance-related compliance requirement for ACLI member companies is advanced (usually within four days after the final bill text is received from StateNet in LTS). Note that the Advance Law lead editor uses an automated query of the LTS database to identify “B” bills that have been enacted. Thus, if a bill is not prioritized as a “B” bill in LTS, it will not be identified by LegsRegs as a candidate for an Advance Law. In general, legislation that does not have a compliance component—such as enabling legislation, legislation that authorizes a study, or a law that specifically excludes insurers—is not advanced unless State Relations staff sees a particular need for the text to be distributed as an Advance Law rather than referring members to the LTS database.

Prior to editing the law, the LegsRegs editor notifies the analyst or director that a law in their state will be advanced. The analyst or director must then make sure that the LTS contains an accurate digest, an effective date and the language "(ACLI edited text of law available through Council's Advance Law Service.)" The analyst or director should make these changes within 24 hours of the request from Legs Regs. The Advance Law lead editor will also inform the analyst or director of a recommendation not to advance a law. It is the responsibility of the analyst or director to contact the editor if you disagree with that decision.

Once the chaptered bill text is received in LTS from StateNet, LegsRegs edits out extraneous or irrelevant portions of text that do not relate to life, annuities, LTC or DI insurance. Editors working on omnibus bills have been encouraged to ask the analyst/director for help in identifying relevant sections. Editors also double check StateNet's comparisons to existing law or, for those dozen or so states where compared text is not available, editors insert underlined and strikethrough text.

Main contact for Advance Laws: Gigi Somers (back-up Paula Witt)
2. **Proposed Regulations**: All relevant proposals (and notices of intent in Florida and Kentucky) are advanced with notations of the hearing and comment dates and with the state director’s name, address and e-mail information. A summary is written by one of the Reg editors, who may ask for input from analysts/directors on significant comparisons to NAIC models.

Unlike legislation which is initially screened by analysts and directors, proposed and adopted regulations are identified primarily by LegsRegs editors. There is no one timely and reliable source of all states’ regulations so LegRegs uses a variety of sources to identify proposed regulations that would affect member company operations: state websites, state mailing lists, StateNet reg reports, and State Directors and Analysts. The internal processing goal is within 24 to 48 hours of receipt of proposed reg, and most are posted the same day.

State Directors and Analysts receive notification of all proposed and adopted regulations prior to posting on ACLI’s website. Because proposed and adopted regulations are time sensitive, when possible, Directors and Analysts should review regulations upon receipt of notification; if there is substantial information missing from the summary, State Directors and Analysts may request that pertinent changes be made. LegsRegs staff is able to make changes to regulations after notifications of ACLI’s Proposed and Adopted Regulations through “My ACLI” via ACLI website so that they are aware of proposals and adoptions being advance in their states. State directors and analysts should notify Reg Editors (MS Outlook address is “Reg Editors”) if they discover any relevant proposals that must be advance and that have not been picked up by the editorial staff.

Main contact for Proposed Regulations: Emily Wolf

3. **Advance Regulations**: All relevant adopted regulations, are advanced. Reg sources, general procedures, and processing goals are the same as for Proposed Regulations. A summary is written by one of the Reg editors, who may ask for input from analysts/directors on significant comparisons to NAIC models.

4. **Advance Material**: All relevant Insurance Department bulletins, memoranda, notices, circular letters and the like are advanced. Press releases and attorney general opinions are not advanced. Reg sources, general procedures, and processing goals are the same as for Proposed Regulations. A summary is written by one of the Reg editors, who may ask for input from analysts/directors on significant comparisons to NAIC models.

Contact for Advance Material: Emily Wolf

State Relations staff is encouraged to inform member companies of important regulatory proposals and adoptions through State News Weekly and State News Flash and to link such references to ACLI’s Proposed Regs, Advance Regs, or Advance Material instead of state Web pages. If the reg or material is not already posted on the ACLI website, please coordinate with the Reg Editors who will try to obtain a copy that can be posted and linked to the News Weekly or News Flash.
IX. Appendices

1. Web direct Subscription Instructions
2. Instructions for logging on to LTS
3. Key Word Descriptive Chart
4. Issue Status Chart Guidelines
5. Office of General Counsel (OGC) Issue List