MEMORANDUM OF UNDERSTANDING AMONG THE

DEPARTMENTS OF INSURANCE IN THE NAIC MEMBER STATES OF TEXAS, FLORIDA, AND CALIFORNIA CONCERNING MUTUAL COOPERATION TO DEVELOP UNIFORM STANDARDS FOR INDUSTRY FORM FILINGS

The insurance regulators of the States of Texas, Florida, and California, as states participating in this Memorandum of Understanding, hereby:

Recognize that an insurance company's ability to compete with financial institutions authorized to market life insurance and annuity policies may be hindered by the need to file their products separately in each state and be subject to different standards in each of those states; and

Recognize the merits of the National Association of Insurance Commissioners' larger initiative to develop and implement a method to provide insurers with:

- 1. a single set of product standards for all states participating in a multi-state system of form review and approval, and
- 2. a single point of filing in order to obtain approval to market products in all such participating states,
- 3. timely product reviews; and

Recognize that many large national insurers have expressed a willingness to voluntarily waive certain rights, and to develop products that comply with a higher set of product standards than would otherwise apply in a single state in exchange for the above; and

Recognize that the adoption of the National Association of Insurance Commissioners' initiative by a significant number of states will, at a minimum, require significant time; and

Recognize that the states participating in this Memorandum of Understanding may provide a system that is voluntary for the insurance industry and will expedite the process of form filing and approval for specified products without compromising consumer-protection standards or sovereign decision-making authority; and

Recognize the value of sharing information about various regional markets and the issues facing the agencies that regulate the industry in these markets; and that such information sharing can lead to more efficient oversight or supervision throughout the industry and improved protection to all parties involved in the industry including policyholders, investors, consumers and providers.

THEREFORE IT IS RESOLVED that the Texas Department of Insurance, the California Department of Insurance, the Florida Department of Financial Services and the Florida Office of Insurance Regulation, (collectively "the Participating States"), by agreement and through this Memorandum of Understanding, to the extent permitted by law, agree to:

- Participate in a coordinated exchange of information regarding the product requirements of each Participating State in order to develop form submission standards that if met by a form for an insurance product described on Exhibit A (the "Form"), will assure the product's compliance in all the Participating States ("Multi-state Combined Standards").
 - 2. Combine standards of the Participating States to result in the Multistate Combined Standards for the insurance products described in Exhibit A and communicate them to the insurance industry.
 - 3. Designate a lead review state for each category of product listed on Exhibit A (the "Lead Review State"). These designations may change from time to time by agreement of the Participating States.
 - 4. Develop a process by which insurers may submit proposed Forms for review and approval in all the Participating States to a central clearinghouse, as more particularly described on Exhibit B.
 - 5. Facilitate collection of filing fees as required by law in Participating States.
 - 6. Achieve a time limit for the completion of review of any Form not to exceed 60 days.
 - 7. Discuss and consider recommending necessary legislation by and through competent authorities, to their respective legislatures, regarding methods to improve insurance regulation in the Participating States.

This Memorandum of Understanding shall terminate upon unanimous agreement of the Participating States. Upon termination of this Memorandum of Understanding, whether by agreement of the Participating States or otherwise, the Participating States agree to cooperate in the orderly winding up of the matters and activities undertaken under the Memorandum of Understanding.

Any one of the Participating States may withdraw from participation in the Memorandum of Understanding upon 60 days notice to all of the remaining Participating States. The withdrawing state shall cooperate fully with the remaining states to minimize any detrimental effects of such withdrawal on the remaining states and/or insurers with Form submissions pending under the Multistate Combined Standards system. The remaining states shall promptly reallocate among the remaining states, the responsibilities of the withdrawing state under this Memorandum of Understanding. Upon the withdrawal of a Participating State, the Memorandum of Understanding shall remain in full force and effect with respect to the remaining states unless after such withdrawal there are fewer than two remaining states, in which case, the Memorandum of Understanding shall terminate.

Executed in California, in counterparts, this 7th day of December 2003.

Texas Department of Insurance	Florida Department of Financial Services
BY: Jose Montemayor, Commissioner of Insurance	BY: Tom Gallagher, Chief Financial Officer
California Department of Insurance	Florida Office of Insurance Regulation
BY: John Garamendi, Commissioner of Insurance	BY: Kevin M. McCarty, Director

Exhibit A

Products and Lead Review State

Products	Lead Review State
Annuity	
Variable	
Individual	
Immediate	
Deferred	
Fixed Premium	
Flexible Premium	
Single Premium	
Group	
Immediate	
Deferred	
Fixed Premium	
Flexible Premium	
Single Premium	
Non-Variable	
Individual	
Immediate	
Deferred	
Fixed Premium	
Flexible Premium	
Single Premium	
Group	
Immediate	
Deferred	
Fixed Premium	
Flexible Premium	
Single Premium	

Products	Lead Review State
Life Insurance	
Individual	
Whole Life	
Term Life	
Universal Life	
Variable	
Endowment	
Other	
Group	
Whole Life	
Term Life	
Universal Life	
Variable Life	
Endowment	
Other	

Exhibit B

Process for Form Review and Approval

- 1. An insurer that is licensed in all Participating States may submit a single Form submission for all Participating States through the I-file system located at the Florida Office of Insurance Regulation (the "System") upon agreement by the insurer to abide by the Terms of Use agreement (attached as Exhibit C) for participation in this expedited process. The Form submission will be accepted on the day initially submitted by the insurer ("Initial Filing Date") and promptly forwarded within two business days to the Lead Review State and all other Participating States.
- 2. The Lead Review State shall promptly conduct an in-depth review and analysis of the Form submission to determine whether the submission meets the Multi-state Combined Standards for that product and shall convey its preliminary analysis and conclusions to each of the other Participating States within 15 business days of receipt of the Form submission by the Florida Office of Insurance Regulation.
- 3. Each of the Participating States shall promptly review the analysis and conclusions of the Lead Review State and either affirm those conclusions or convey any objections or observations to the Lead Review State within 5 business days of receipt by the Participating State of the Lead Review State's preliminary analysis and conclusions.
- 4. The Lead Review State shall review and consider comments or concerns received from the other Participating States, communicate with the company in an effort to correct any deficiencies and recommend a final action on the filing to all Participating States within 50 calendar days of the Initial Filing Date.
- 5. Each Participating State shall provide any concerns with the Lead Review State recommendation within 5 calendar days of receipt of the Lead Review State's recommendation.
- 6. The Lead Review State shall consider all concerns from Participating States, revise the recommendation, if necessary, and communicate a final action to the company on behalf of all Participating States within 60 calendar days of the Initial Filing Date.
- 7. Because this is a voluntary screening process, if, due to delays in obtaining information from the insurance company, the Form cannot be approved within the 60-day time frame, the company will be advised to withdraw the Form submission or a letter will be sent indicating that the Form did not meet the

Multi-state Combined Standards. The 60-day time frame will not be extended.

- 8. For Form approvals, the System will generate a letter notifying the insurance company that the form has met all Multi-state Combined Standards. In addition, a separate letter will be generated by the System on behalf of each Participating State, and shall incorporate a notice of any filing fees due.
- 9. For Form disapprovals, a single letter shall be sent to the insurance company notifying it that the Form submission does not meet Multi-state Combined Standards; that the company may make a form filing in each state through that state's regular process that will be measured only against the standards of that state, and specify any filing fees that are due.
- 10. In the rare event that a Participating State determines that approval of the Form submission would violate a law of that state other than the Multi-state Combined Standards, that Participating State may opt out of the approval process. If a Participating State opts out for this reason, the System will generate the letter notifying the insurance company that the Form submission has met Multi-state Combined Standards, but the separate approval letters will only be generated from Participating States-that have not exercised the opt out. The Participating State that elects to opt out shall send its own letter of explanation inviting the insurance company to make a filing and specifying terms and conditions under which the filing would be approved.

Exhibit C -TERMS OF USE AND

AGREEMENT

This is a legal agreement governing the use of the I-File System.

Please Read this Agreement Carefully.

By using the I-File System, the user agrees to be bound by the terms of this agreement. By accessing, browsing and/or using this site ("Site"), you acknowledge that you have read, understood, and agree, to be bound by these terms and to comply with all applicable laws and regulations. You should review the <u>Standards</u> and the <u>Process for form review and approval</u> contained herein to determine if you meet the standards prior to making a filing. If you do not agree to these terms, <u>do not use this site</u>.

TERMS OF USE

This is a voluntary program by the participating states, provided for your convenience. Use of this I-file system for the purpose of obtaining cooperative review by all participating states under the Memorandum of Understanding constitutes the agreement by the user to the following terms and conditions:

- 1. The user waives all state deemer provisions. Under no circumstances shall forms be approved for use in any participating state automatically due to the elapse of time from the date of initial submission of the form through this system.
- 2. The user acknowledges and agrees that if a Form is not approved through this process, the sole and exclusive remedy available to the user is to submit the Form to the individual states through their normal process, and seek approval in the individual states. The user waives all administrative rights for the purpose of cooperative review by all participating states. If that cooperative review results in a rejection of the Form, or in a determination that the form does not meet the Uniform Standards, the user may file the form in individual states, and if the form is disapproved in individual states, may avail itself of any administrative rights in those "individual" states. No Administrative review is available for a rejection of a Form based on the cooperative review by the participating states, nor for a determination by the participating states that a Form does not meet Uniform Standards.
- 3. The payment of filing fees may be required by participating states.
- 4. Materials submitted to this system may be subject to the public records laws of the participating states.

NO WARRANTIES LIMIT OF LIABILITY

The participating states make no representations, covenants or warranties, of any kind, either express or implied, with respect to the I-File System, including but not limited to warranties of condition, quality, durability, suitability, merchantability or fitness for a particular purpose, or in respect of any warranty arising by statute or otherwise in law or from a course of dealing or usage of trade. The participating states shall not be liable to anyone for any loss or damage of any kind and however caused resulting from Applicant's/User's use of the I-File System and Applicant/User agrees to indemnify and hold the participating states harmless from and against any

loss, damage, claim, suit or expense, including reasonable attorneys' fees, arising out of or relating to the use improper or otherwise of the I-File System by Applicant/User.

GENERAL

This Agreement shall be construed and enforced in accordance with the laws of the State of Florida. This Agreement contains the entire agreement of the parties and may be changed or modified, at its sole discretion, the participating states shall add or remove any terms or conditions of these Terms of Use without notice or liability to Applicant/User. Any changes to these Terms of Use shall be effective immediately following the posting of such changes on this website. The Terms of Use and this Agreement may be assigned by participating states to any of its delegates, related departments, or agencies. No interest herein shall be transferred in any manner by Applicant/User. The waiver or failure of the participating states to exercise in any respect any right provided for herein shall not be deemed a waiver of any other right hereunder.