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Chapter 23 • Conducting the Life and Annuity Examination

IMPORTANT NOTE:

The standards set forth in this chapter are based on established procedures and/or NAIC models, not on the laws and regulations of any specific jurisdiction. This handbook is a guide to assist examiners in the examination process. Since it is based on NAIC models, use of the handbook should be adapted to reflect H D F K V W Laws and regulations with appropriate consideration for any bulletins, audit procedures, examination scope and the priorities of examination. Further important information on this and how to use this handbook is included in the Foreword section of the handbook.

This chapter provides a format for conducting life insurance and annuity company examinations. Procedures for conducting property/casualty insurance company examinations and other types of specialized examinations² such as managed care organizations, third-party administrators and surplus lines brokers² may be found in separate chapters.

The examination of life insurance/annuity operations may involve any review of one or a combination of the following business areas:

- A. Operations/Management
- B. Complaint Handling
- C. Marketing and Sales (Several specialized Supplemental Checklists are available in Sections H

#8

[K. Supplemental Checklist for Marketing and Sales Standard #10](#)

[L. Supplemental Checklist for Marketing and Sales Standard #12](#)

[M. Supplemental Checklist for Marketing and Sales Standard #16](#)

[N. Supplemental Checklist for Marketing and Sales Standard #17](#)

When conducting an examination that reviews these areas, there are essential tests that should be completed. The tests are applied to determine if the company is meeting standards. Some standards may not be applicable to all jurisdictions. The standards may suggest other areas of review that may be appropriate on an individual state basis.

When an examination involves a depository institution or their affiliates, the bank may also be regulated by federal agencies such as the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board, the Office of Thrift Supervision (OTS) or the Federal Deposit Insurance Corporation (FDIC). Many states have executed an agreement to share complaint information with one or more of these federal agencies. If the examination results find adverse trends or a pattern of activities that may be of concern to a federal agency and there is an agreement to share information, it may be appropriate to notify the agency of the examination findings.

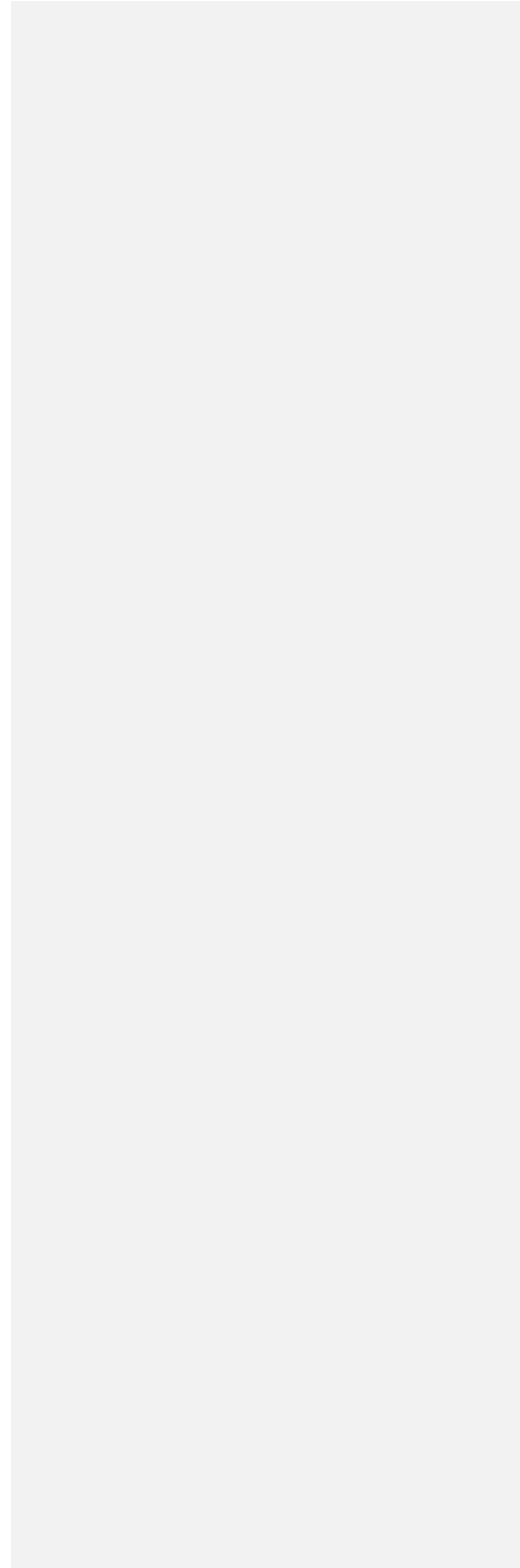
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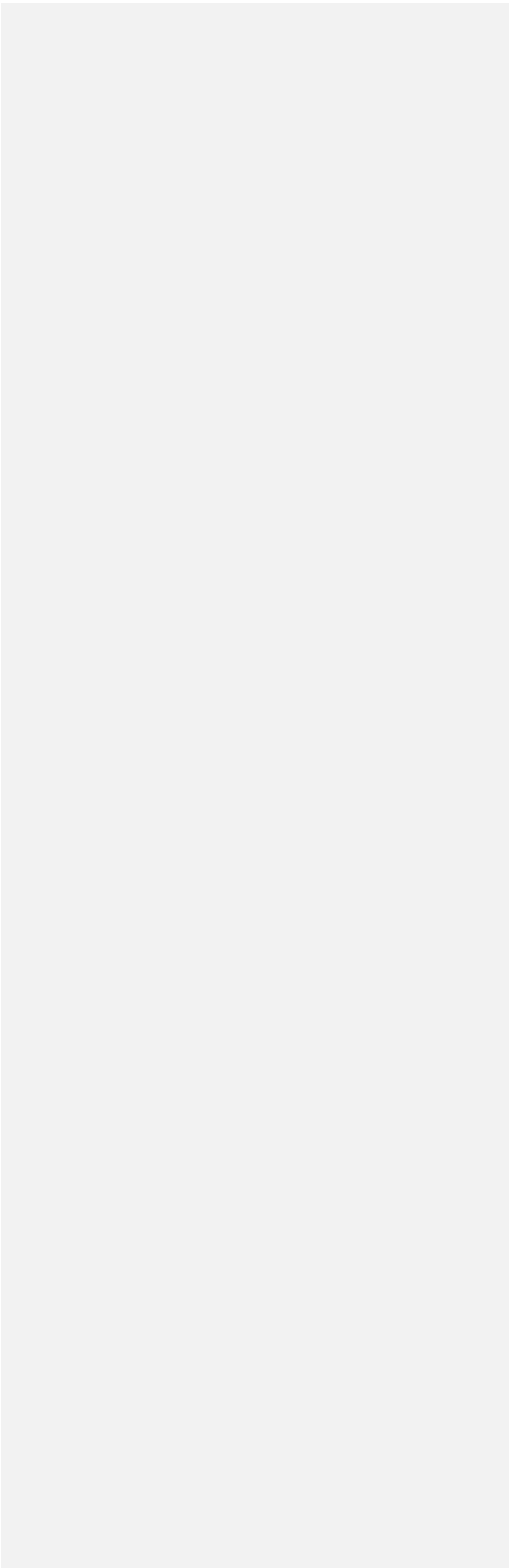
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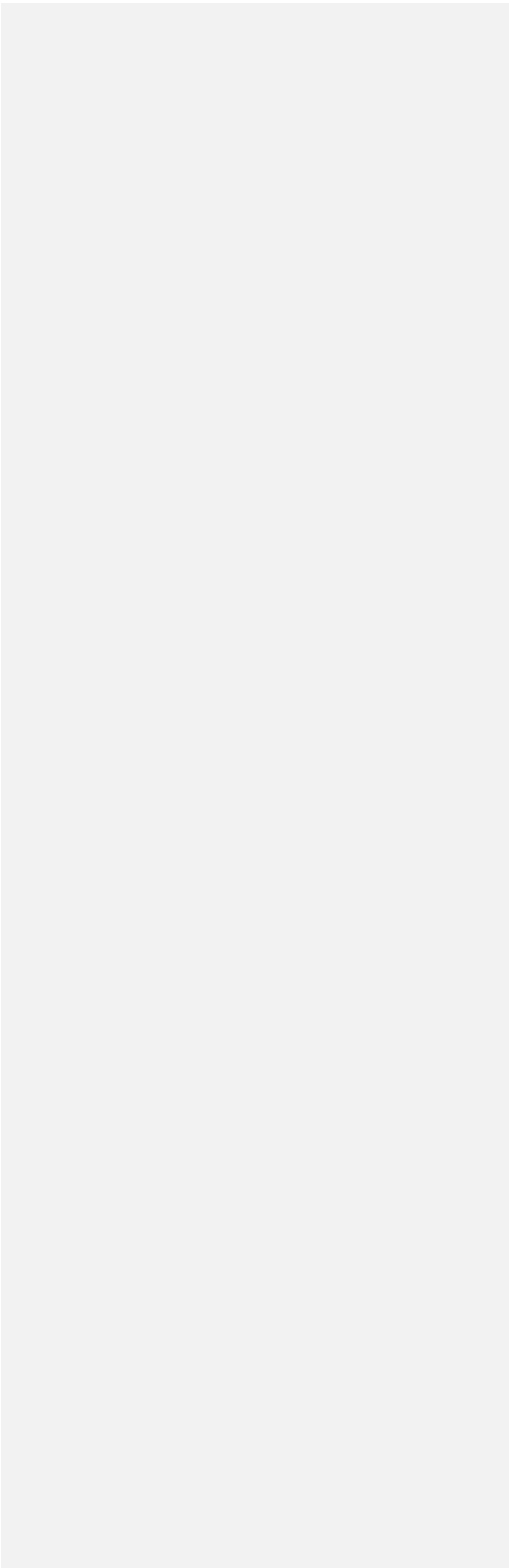
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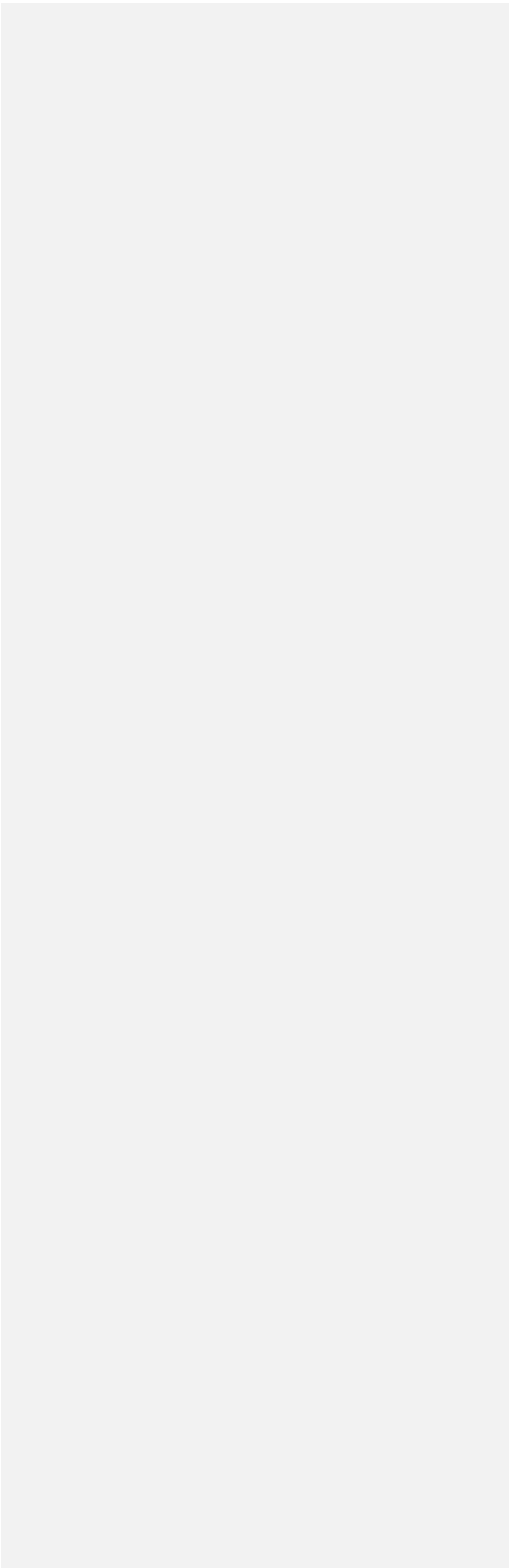
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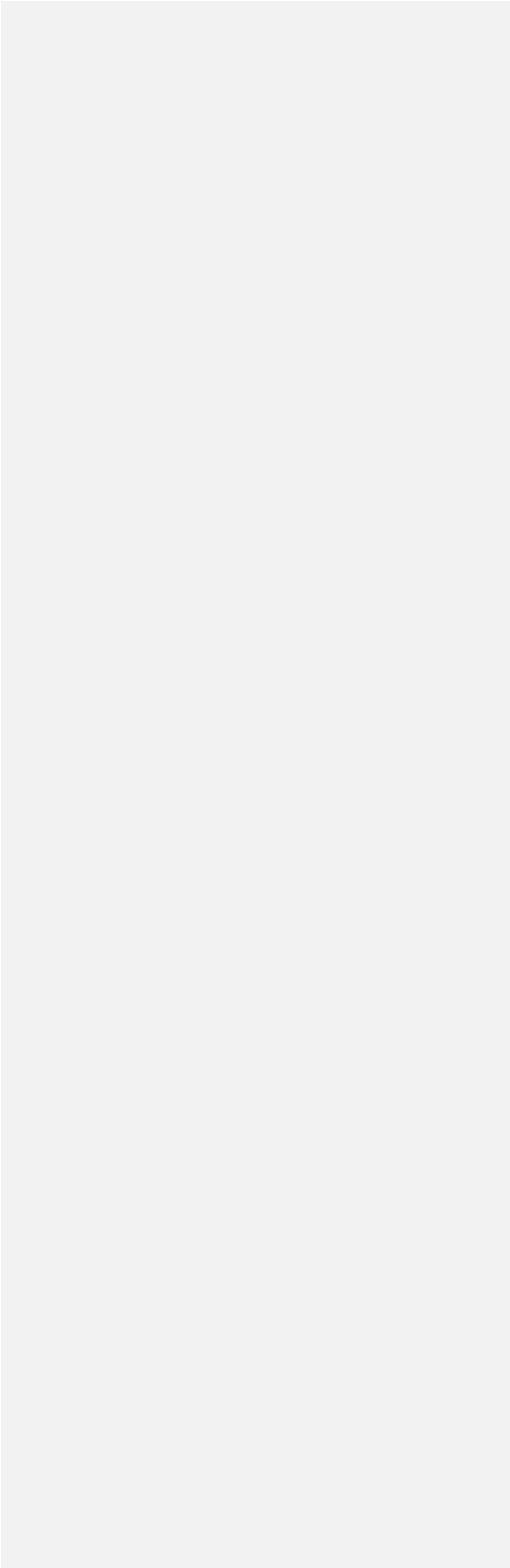
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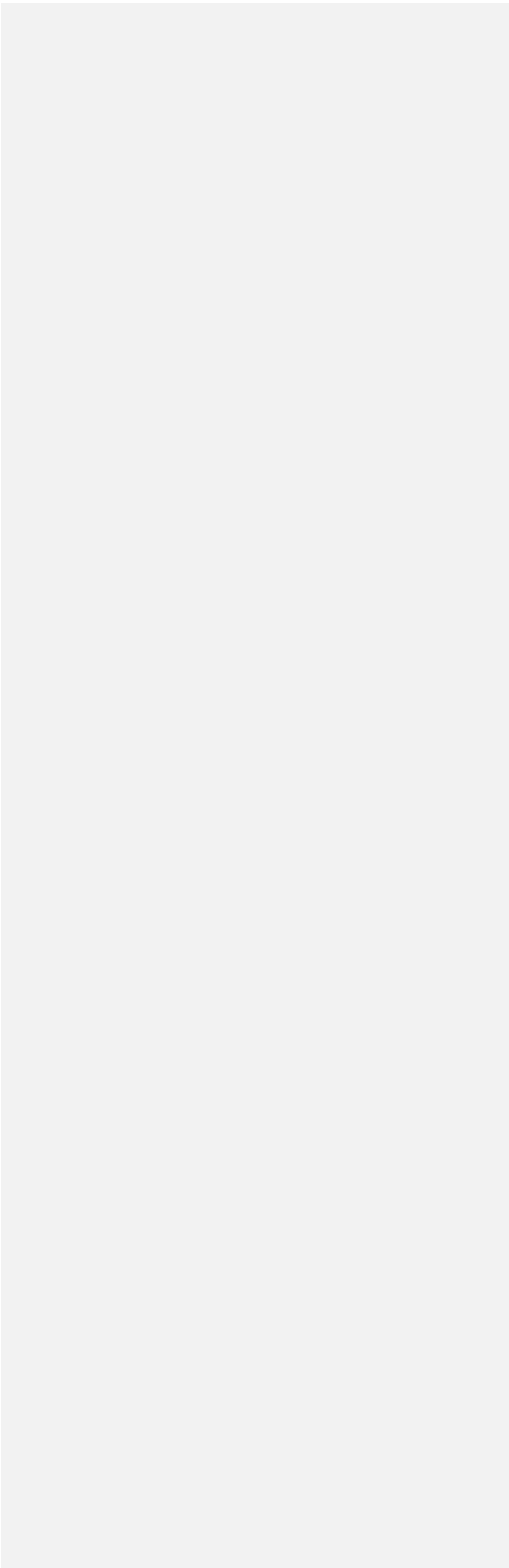
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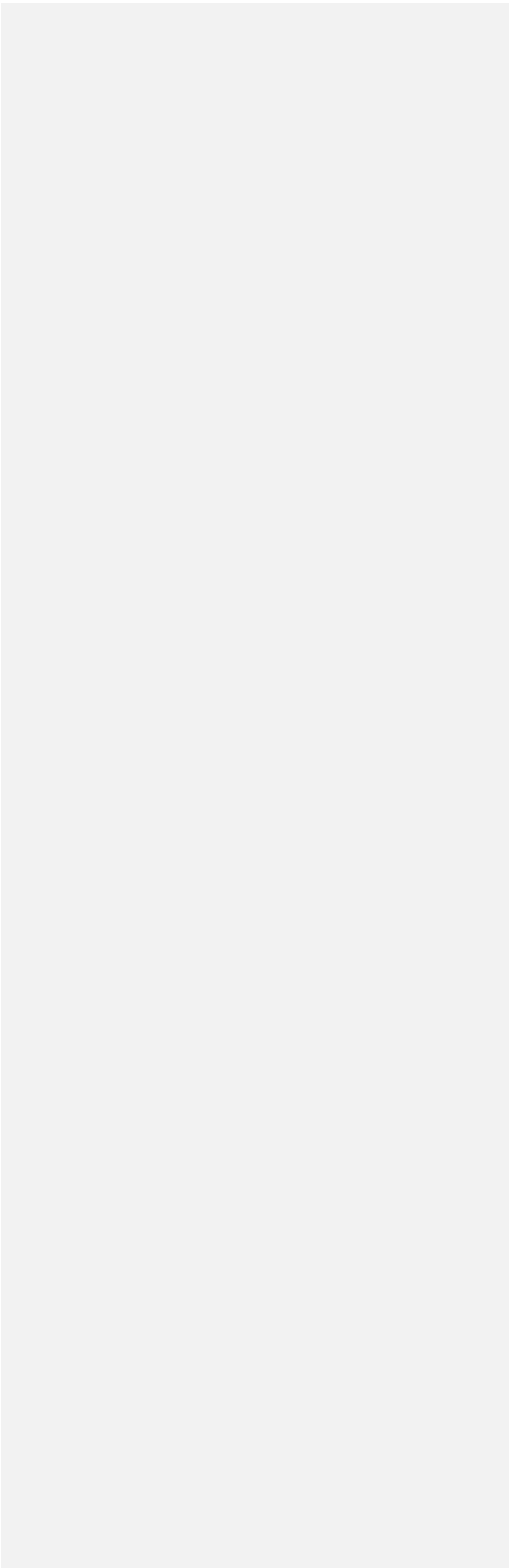
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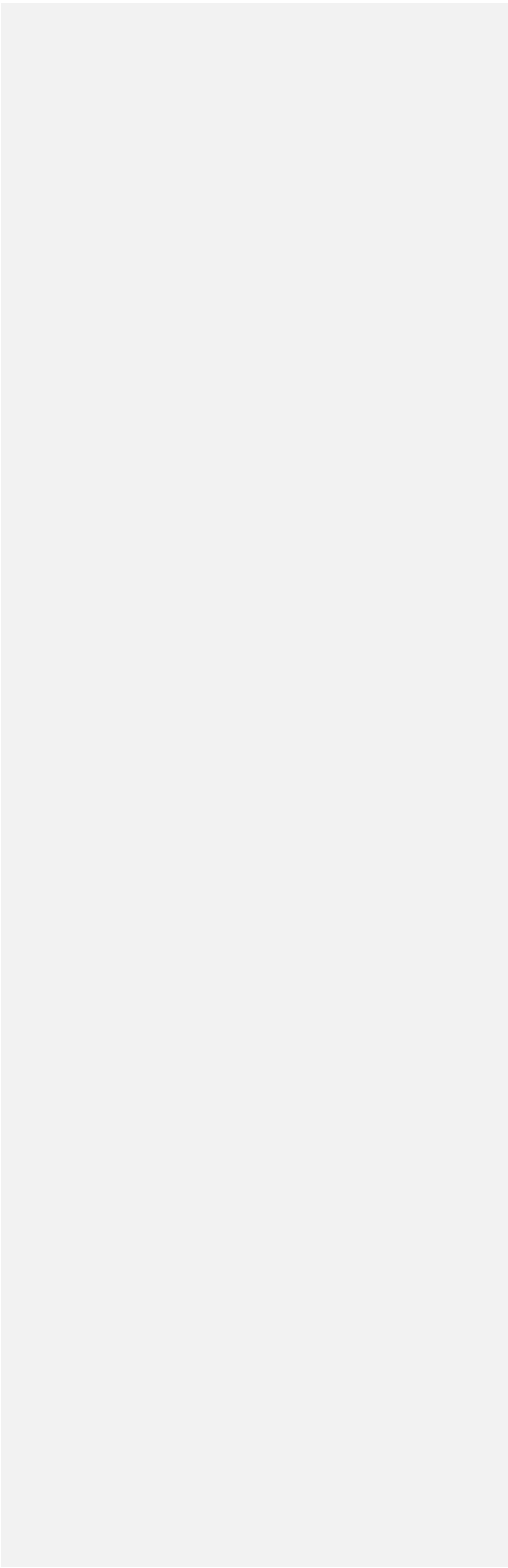
- x Run an inquiry with the comp DQ\¶V; QDPH
- x 5HYLHZ WKH FRPSDQ\¶V KRPH SDJH
- x Identify all lines of business referenced on the com SDQ\¶V KRPH SDJH
- x Research the ability to request more information about a particular product and verify the information provided is accurate; and
- x Review the co PSDQ\¶V SURFHGXUHV UHODWLG WR SURGXFWHUV¶ DGYHUWLVLQJ

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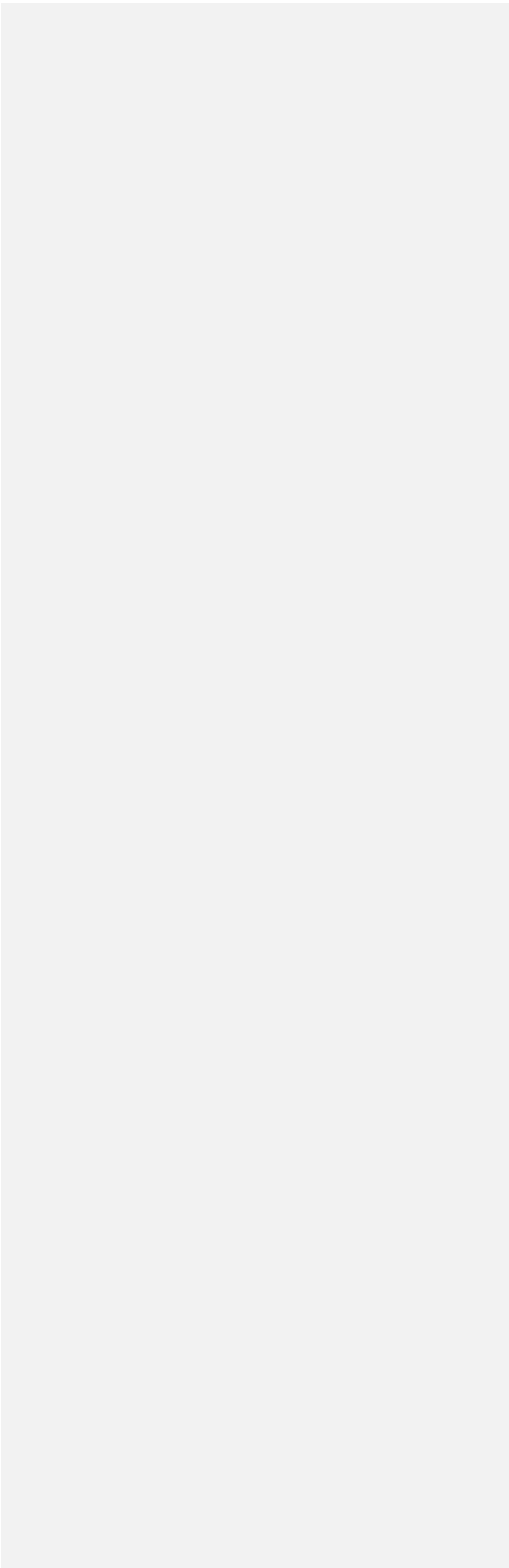
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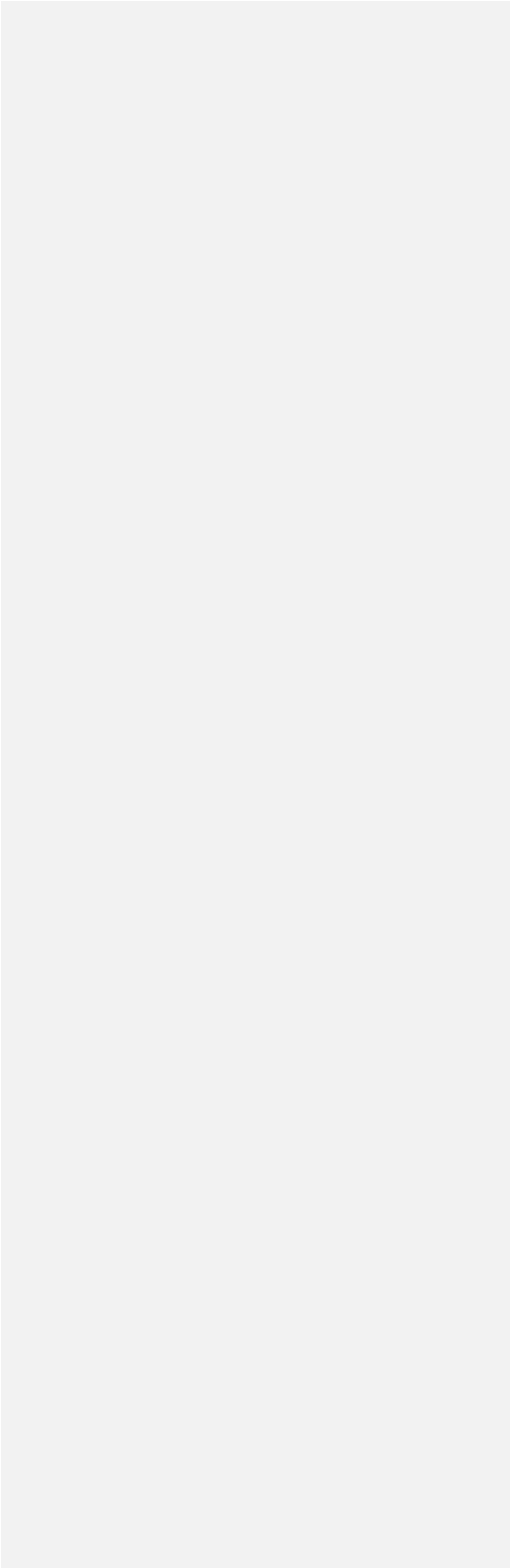
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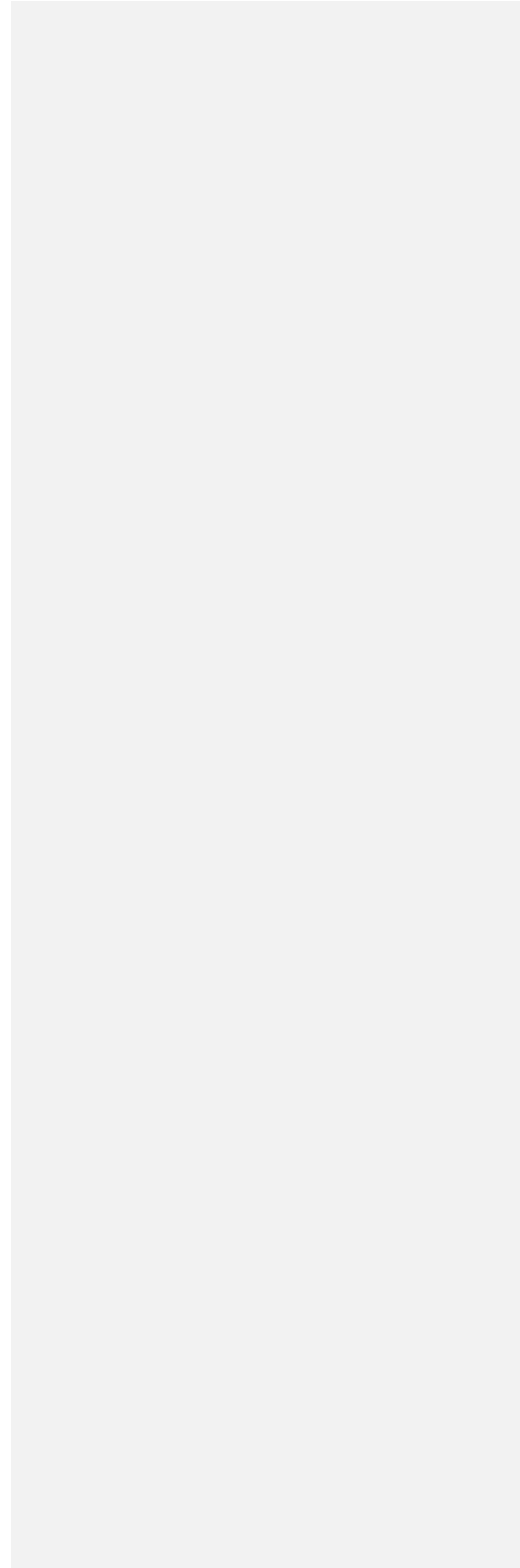
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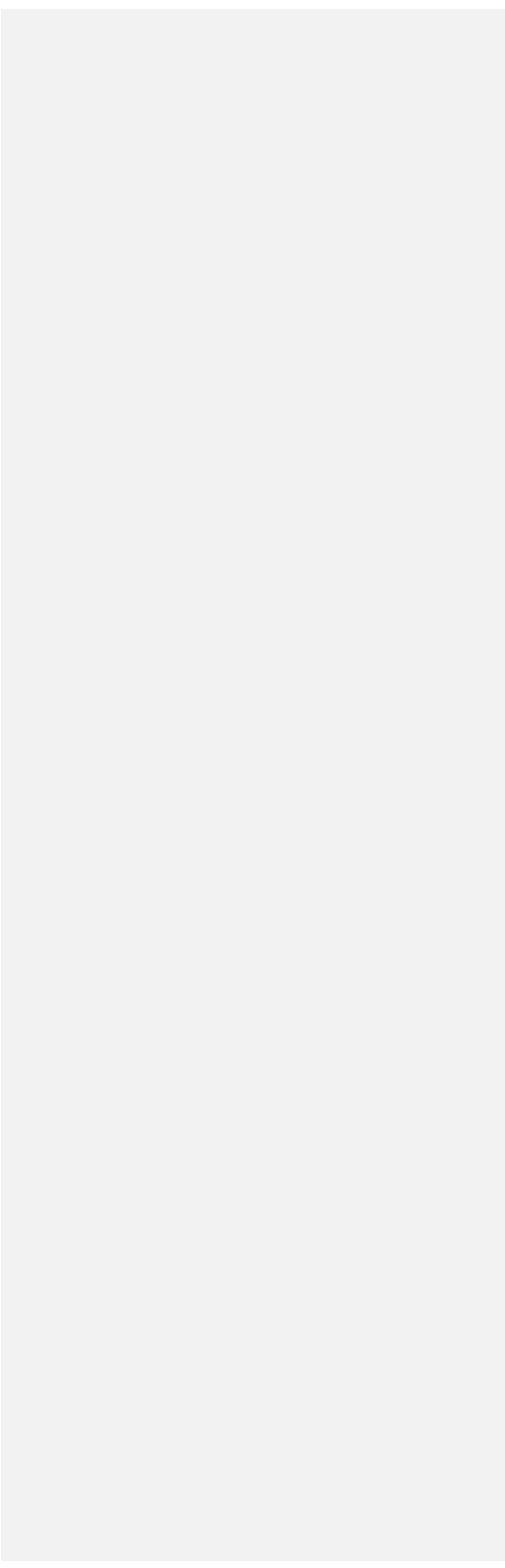
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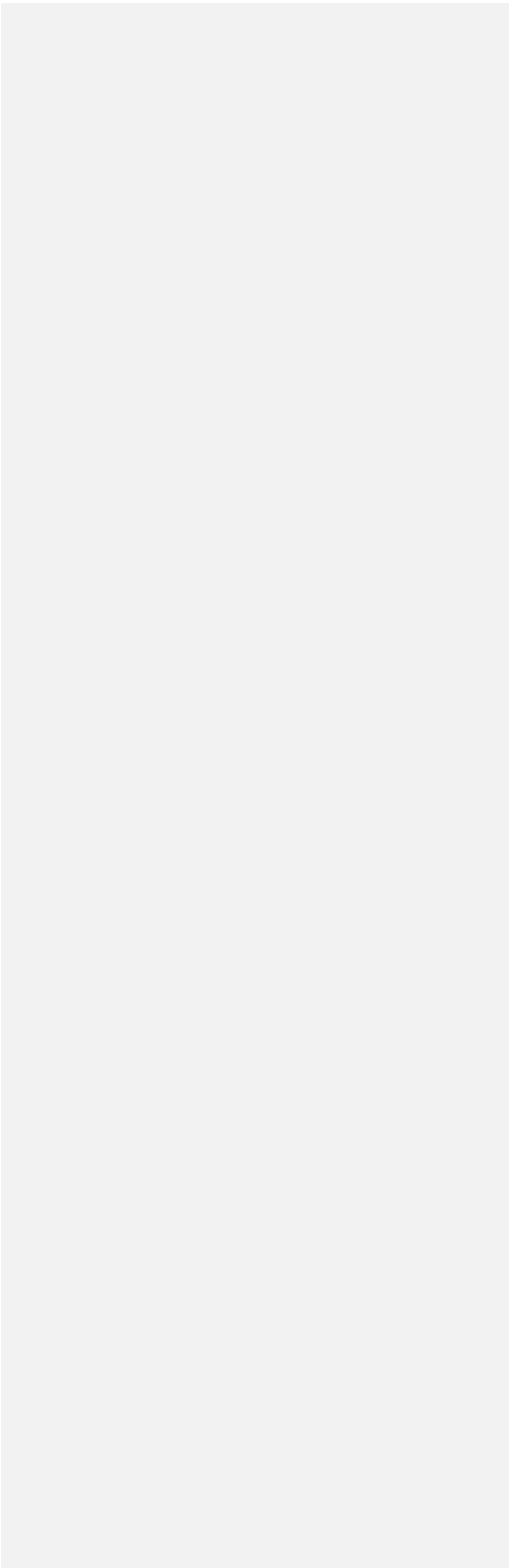
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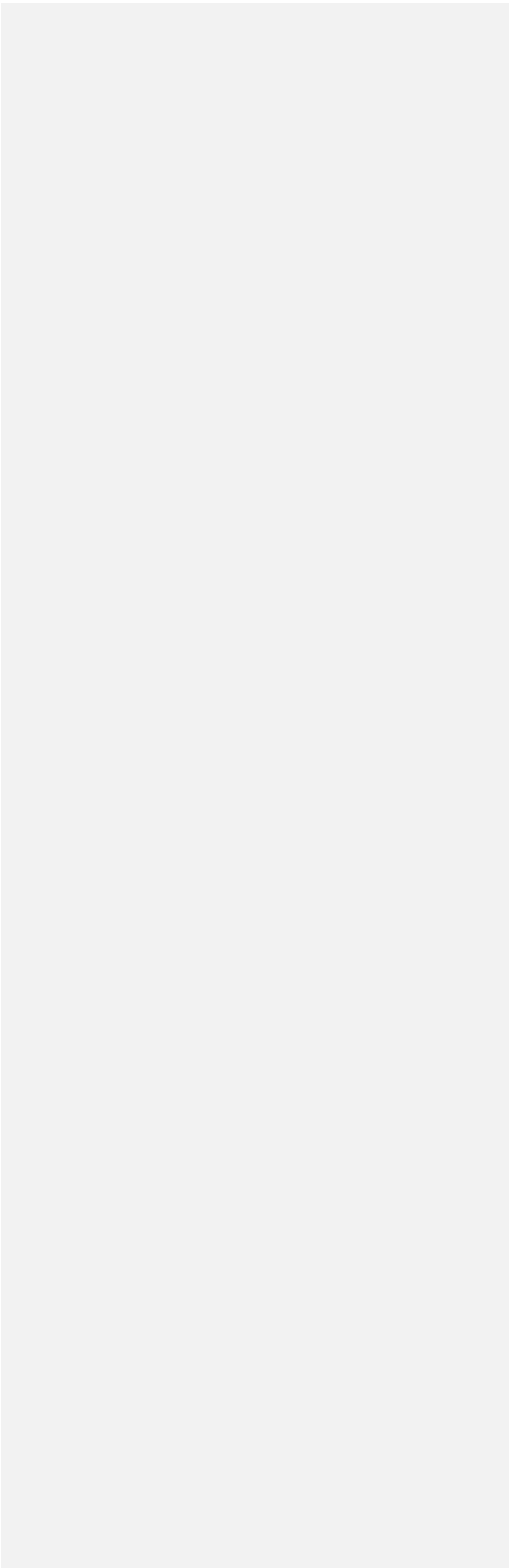
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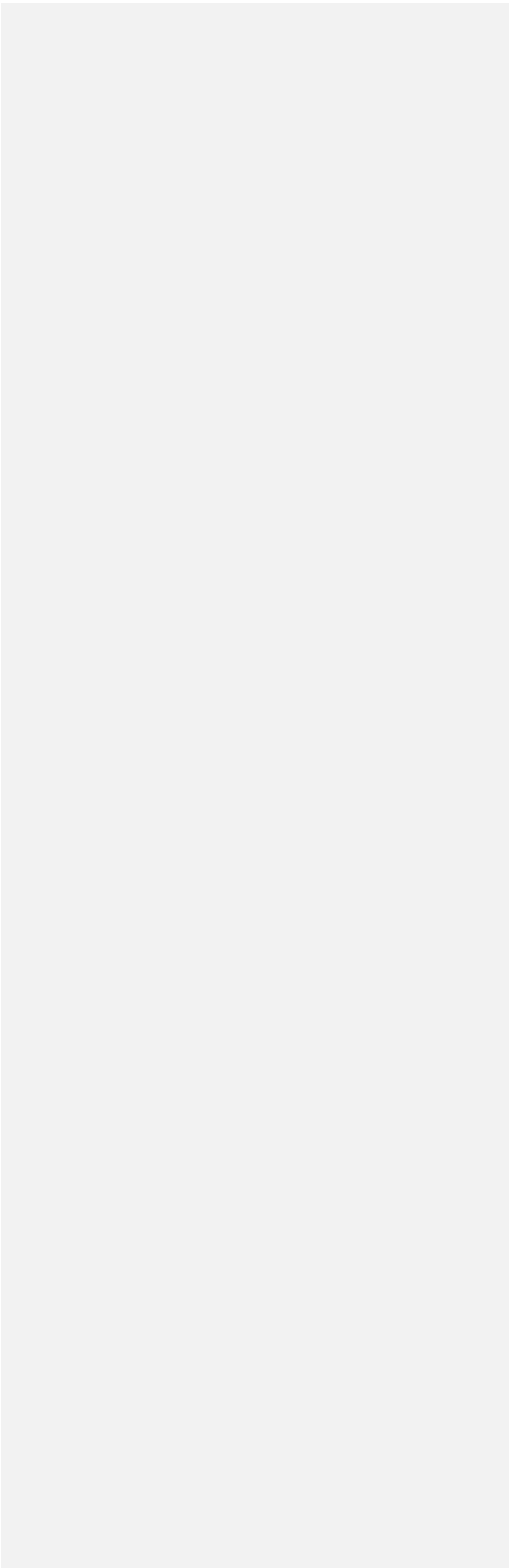
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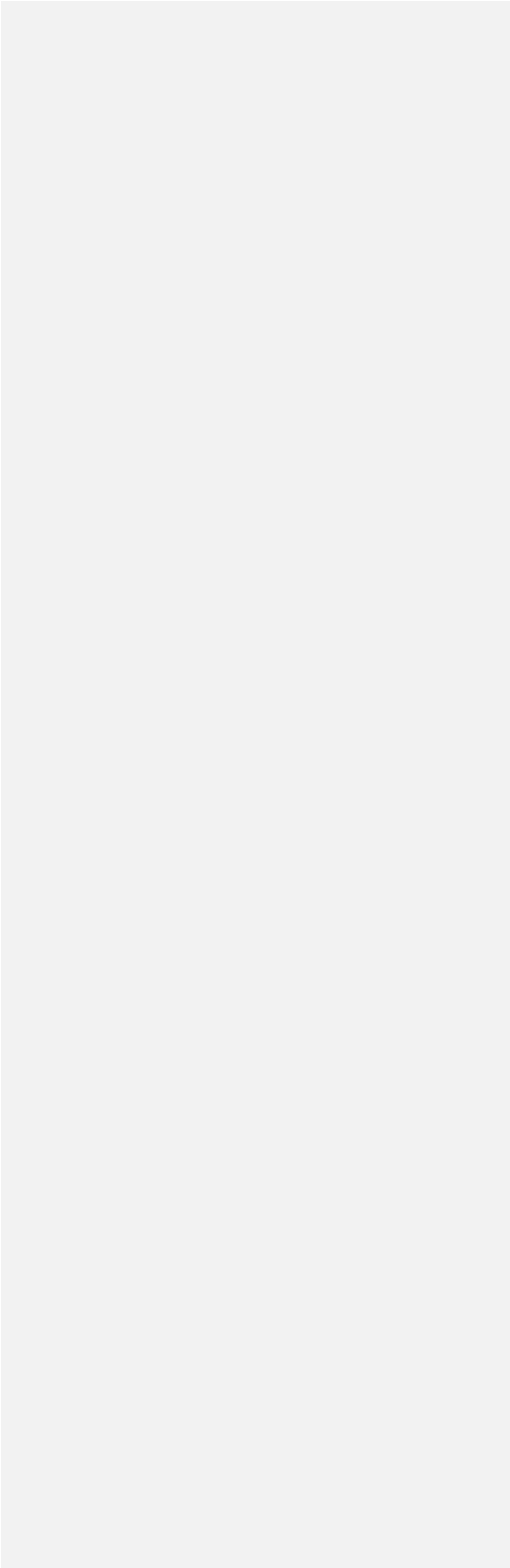
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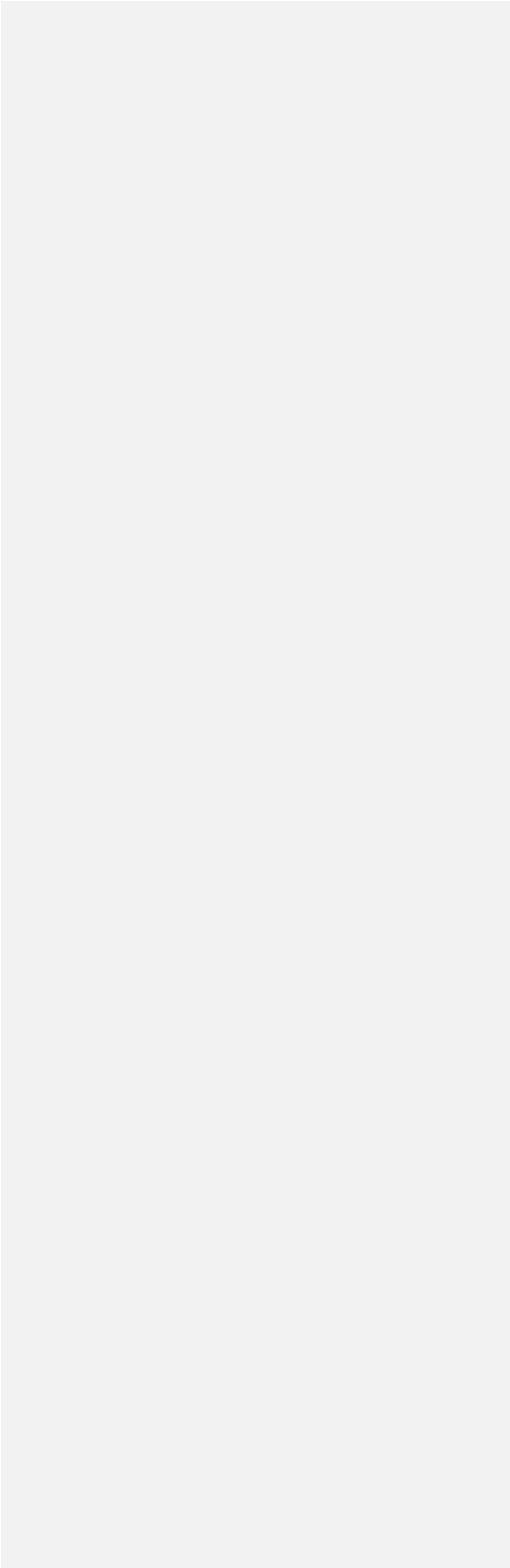
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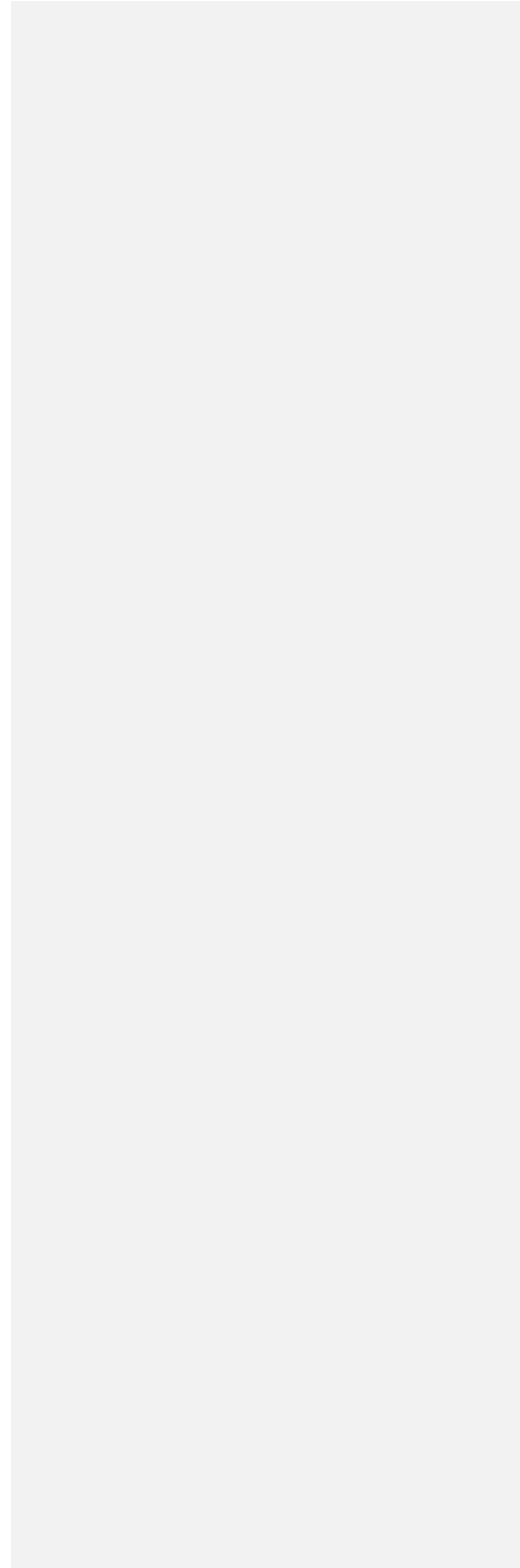
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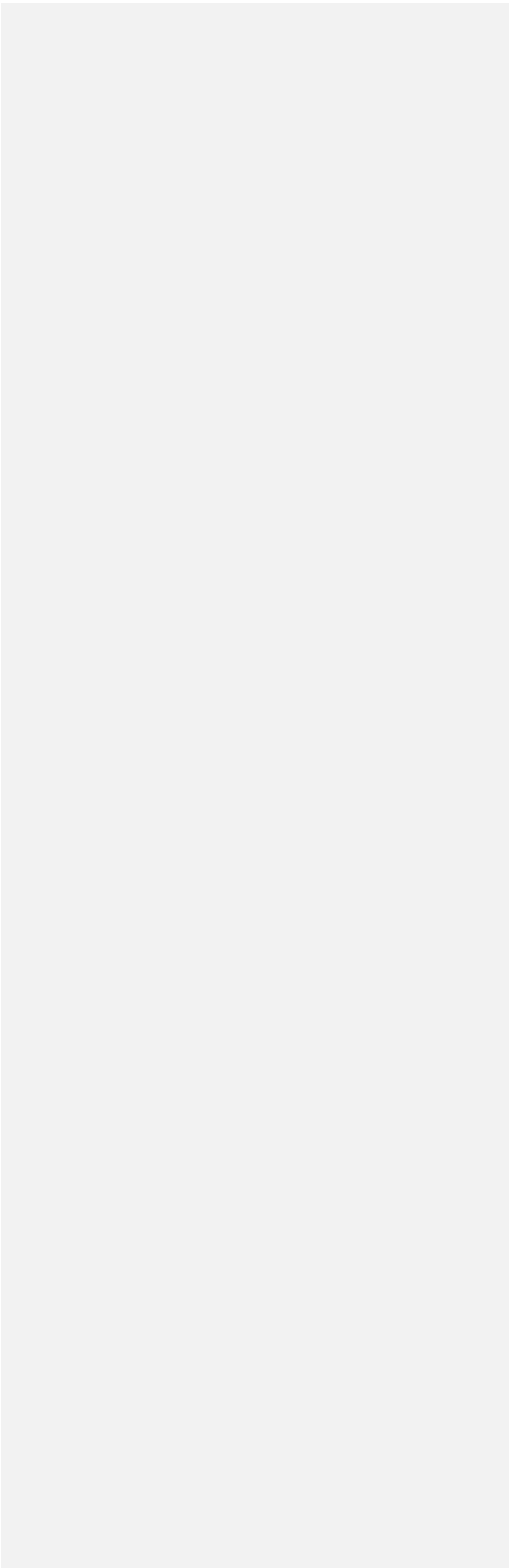


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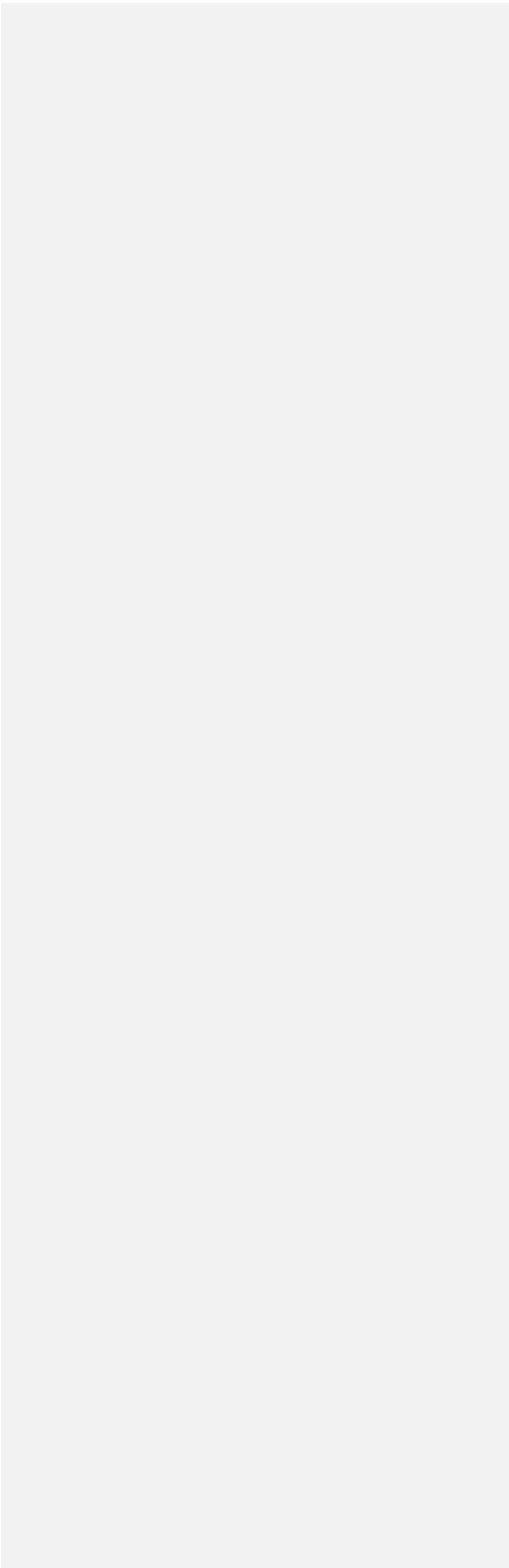
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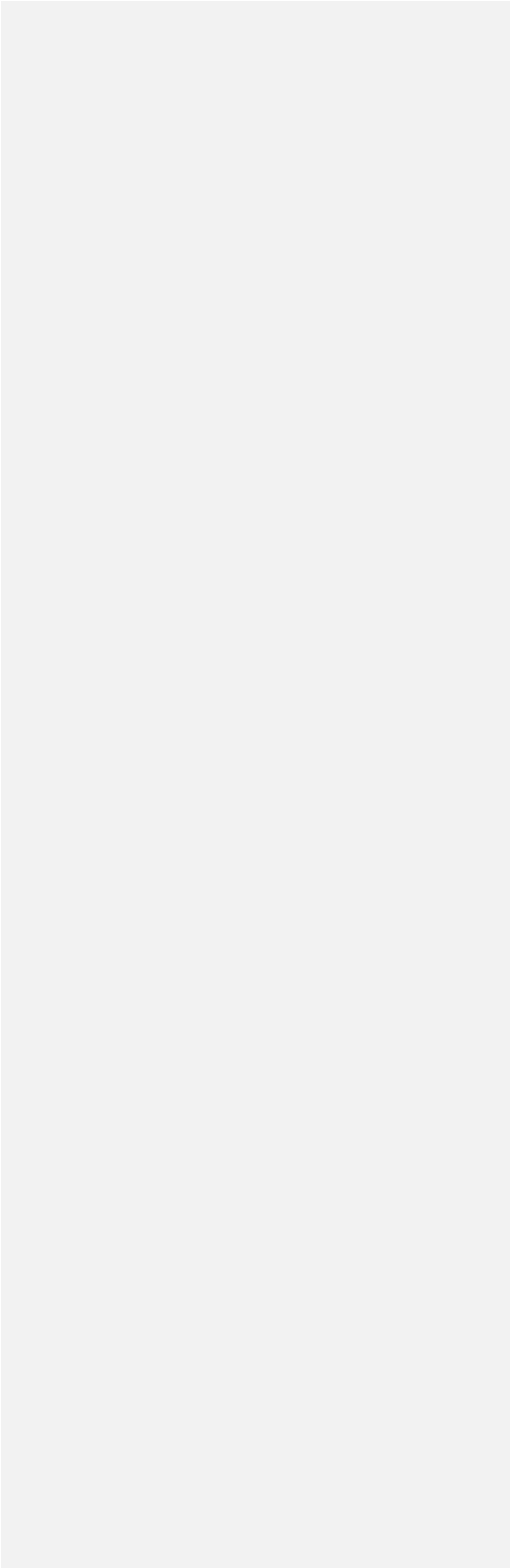
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Note: The intent of this subparagraph() TJETQq64 261.12 792 5Q90.00.16 Tf1

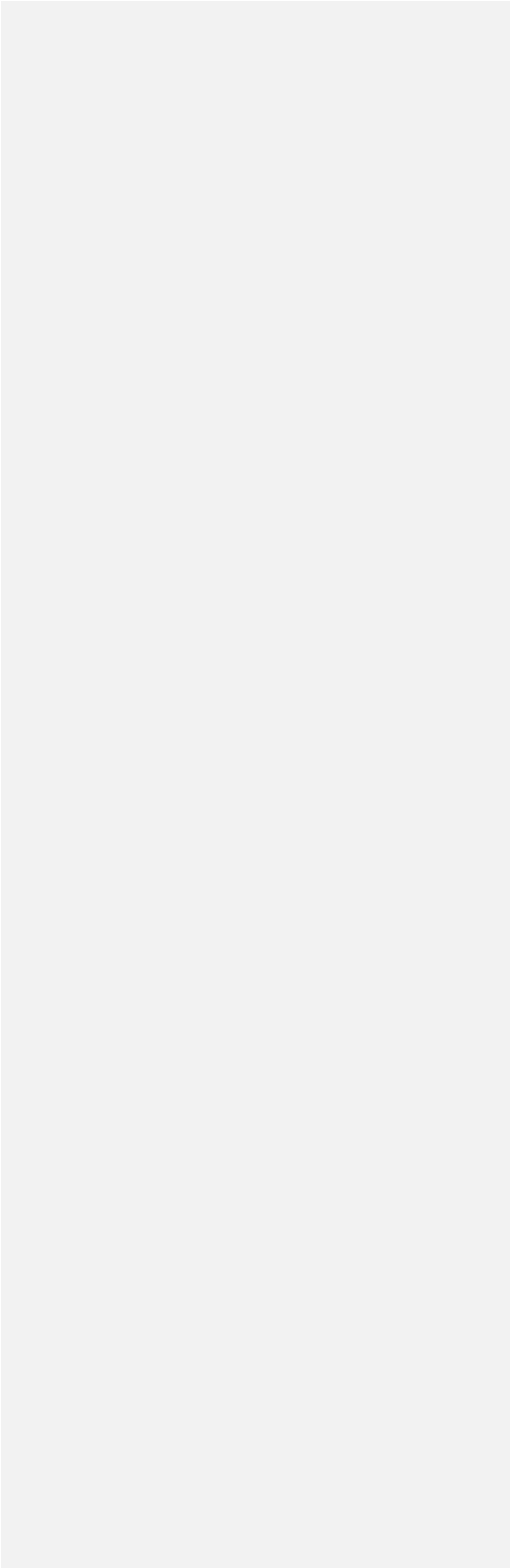
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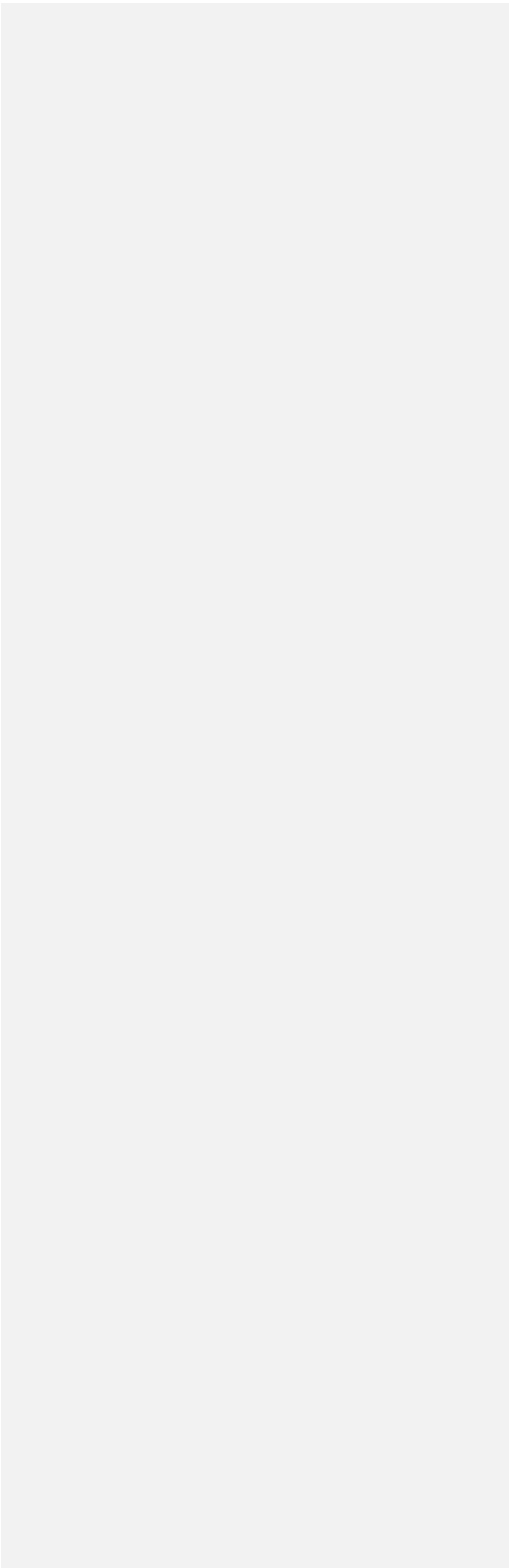
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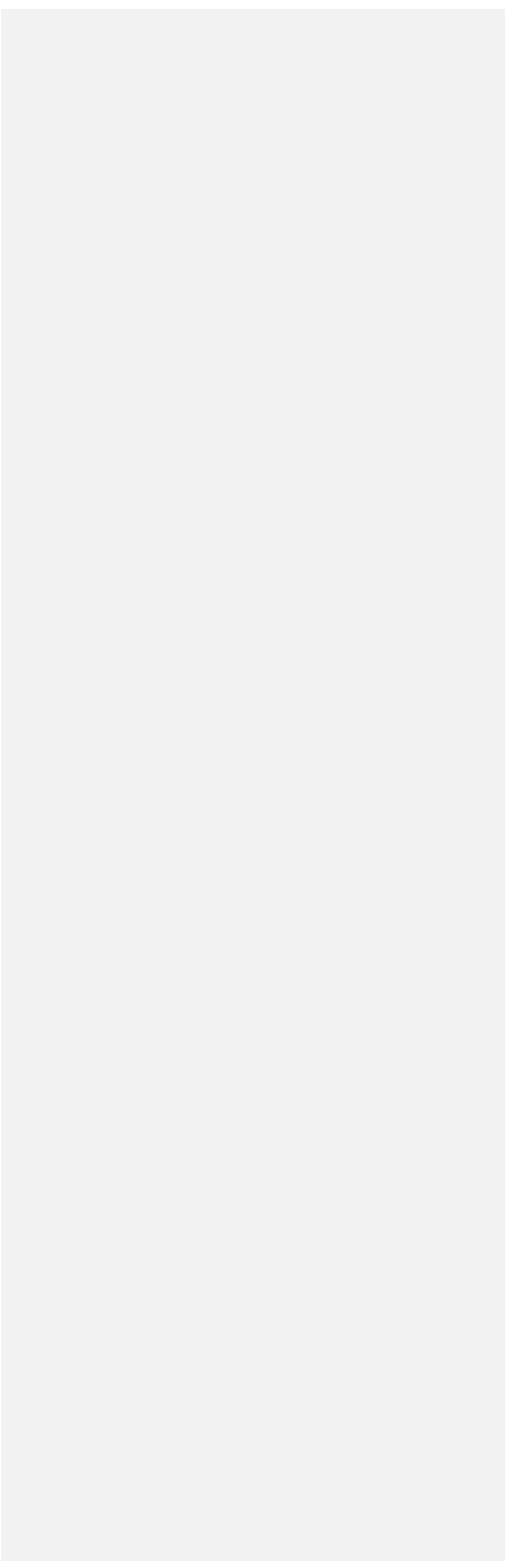
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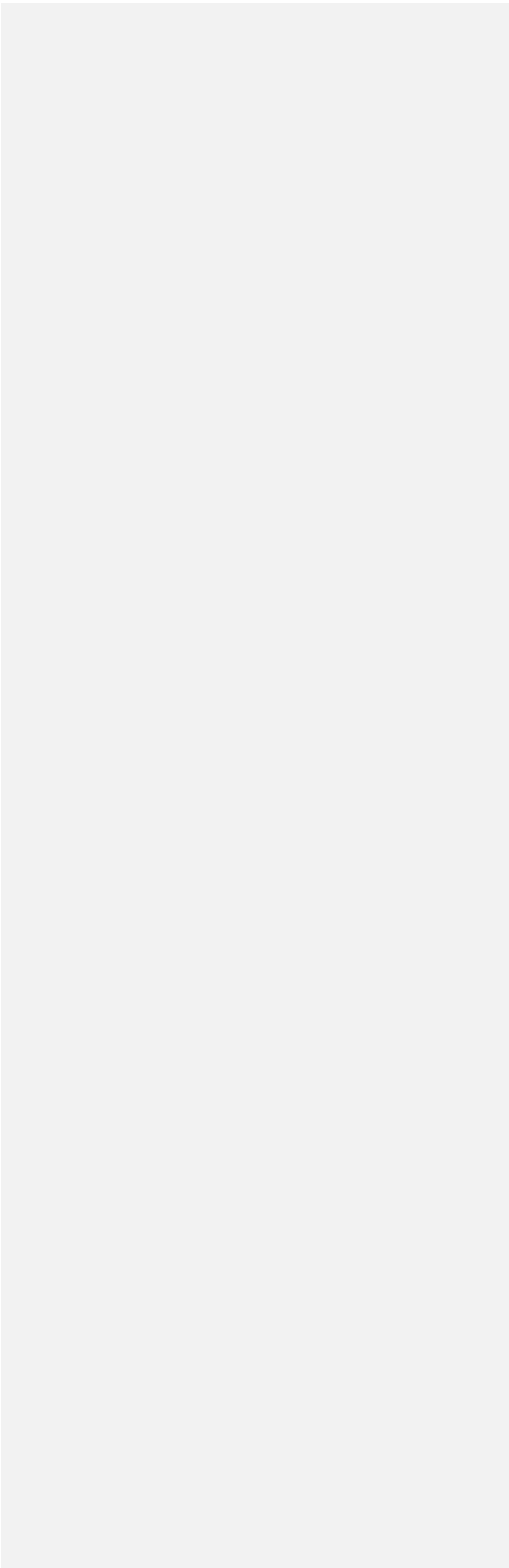
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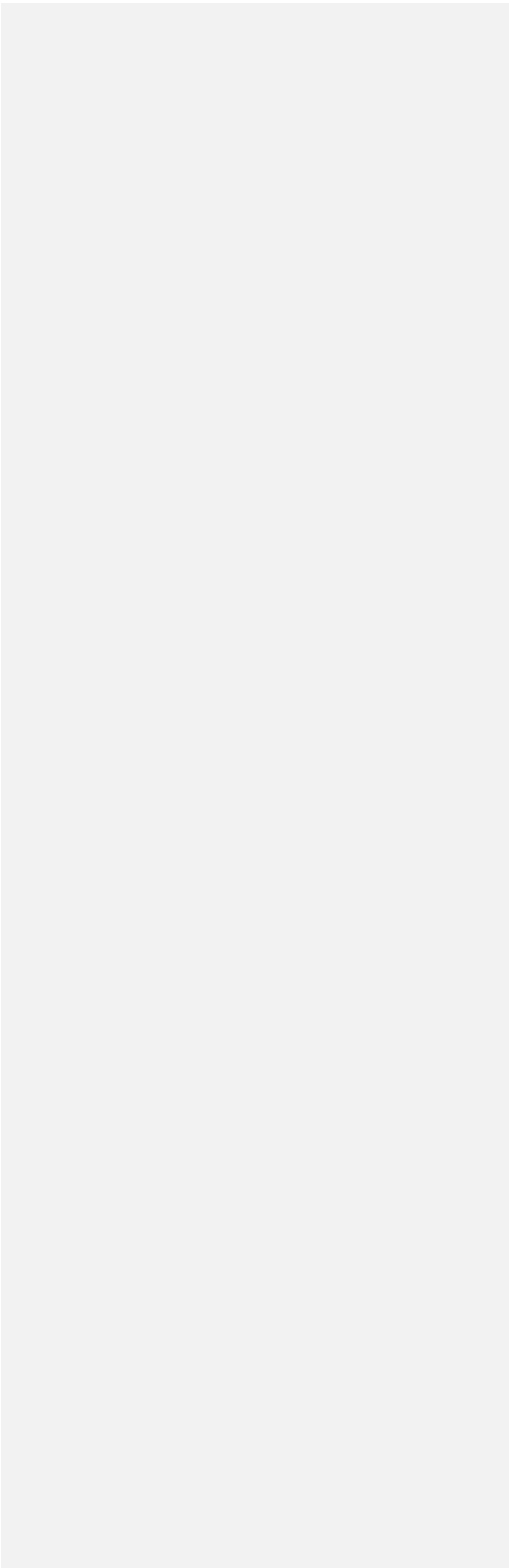
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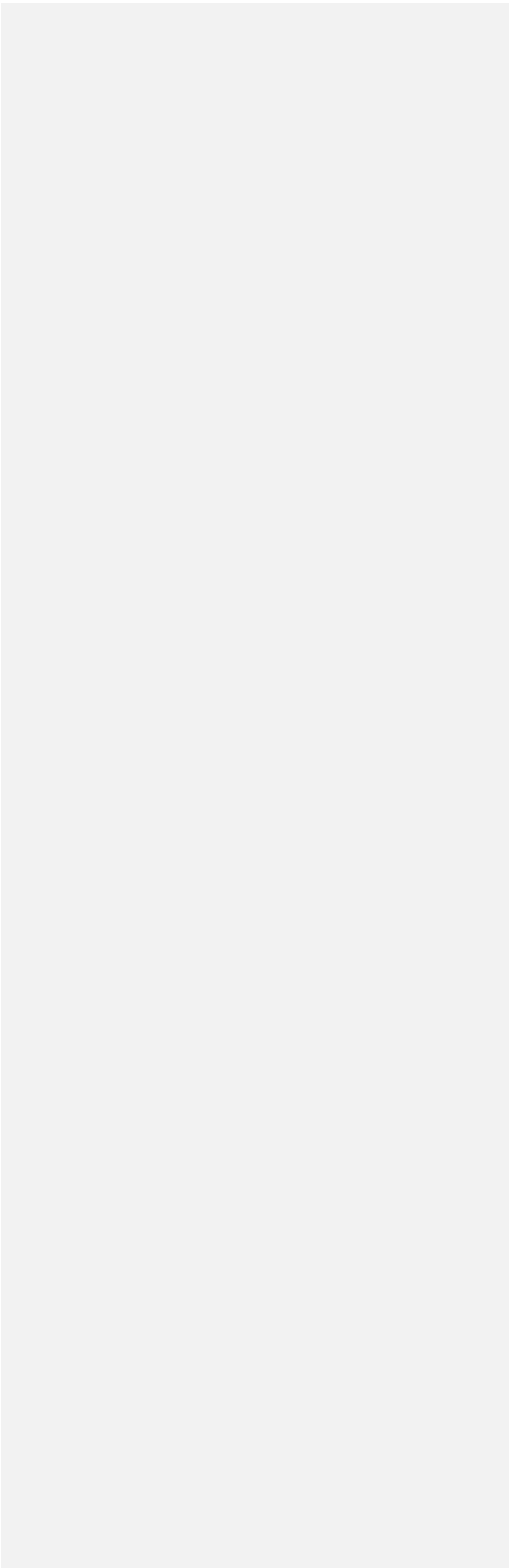
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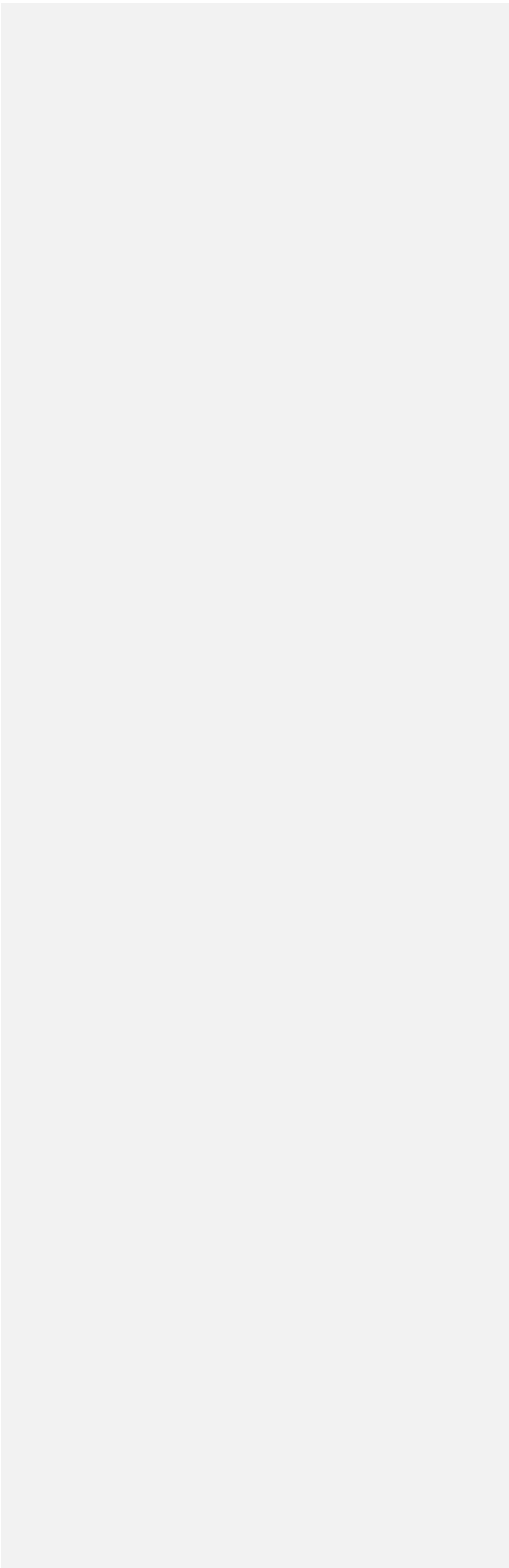
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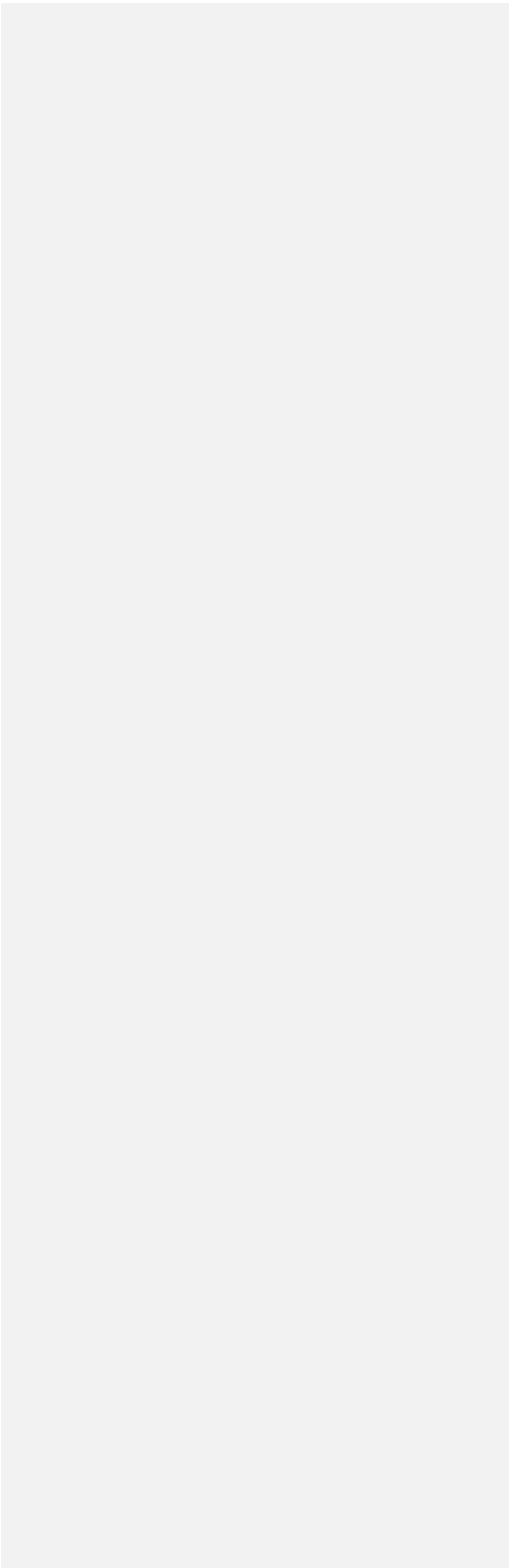
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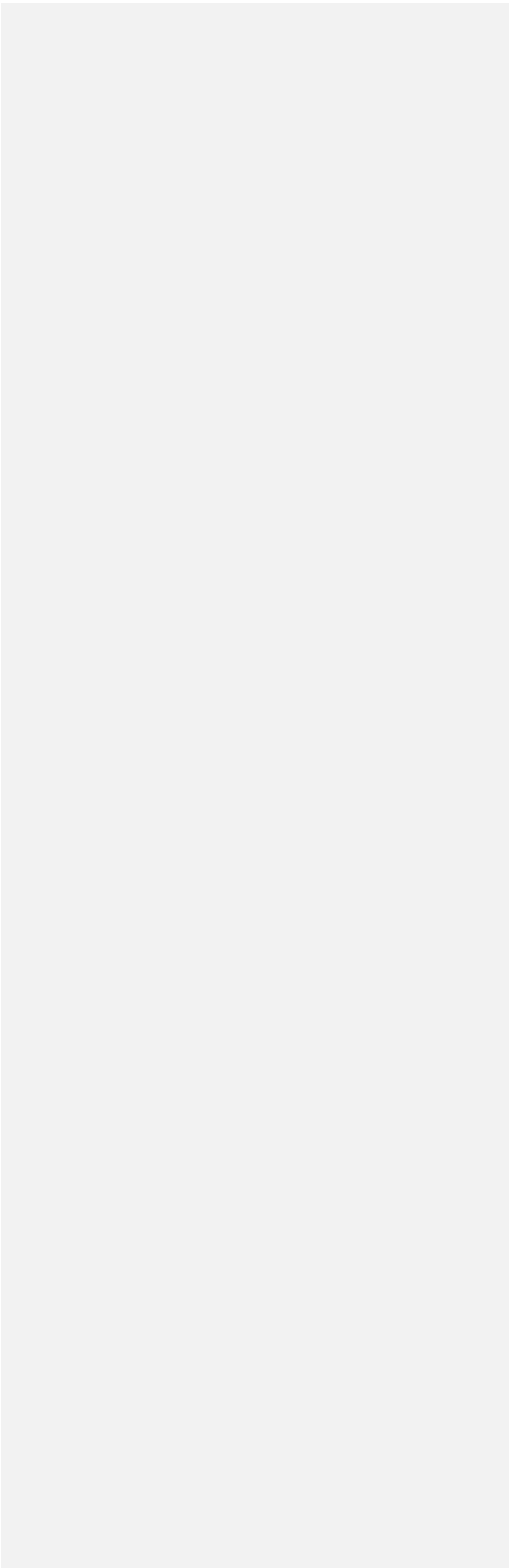
Producer supervision and compliance requirements are set forth in Supplemental Checklist N.

It is useful to become acquainted with the definitions and appendices set forth in the Suitability in Annuity Transactions Model Regulation (#275).

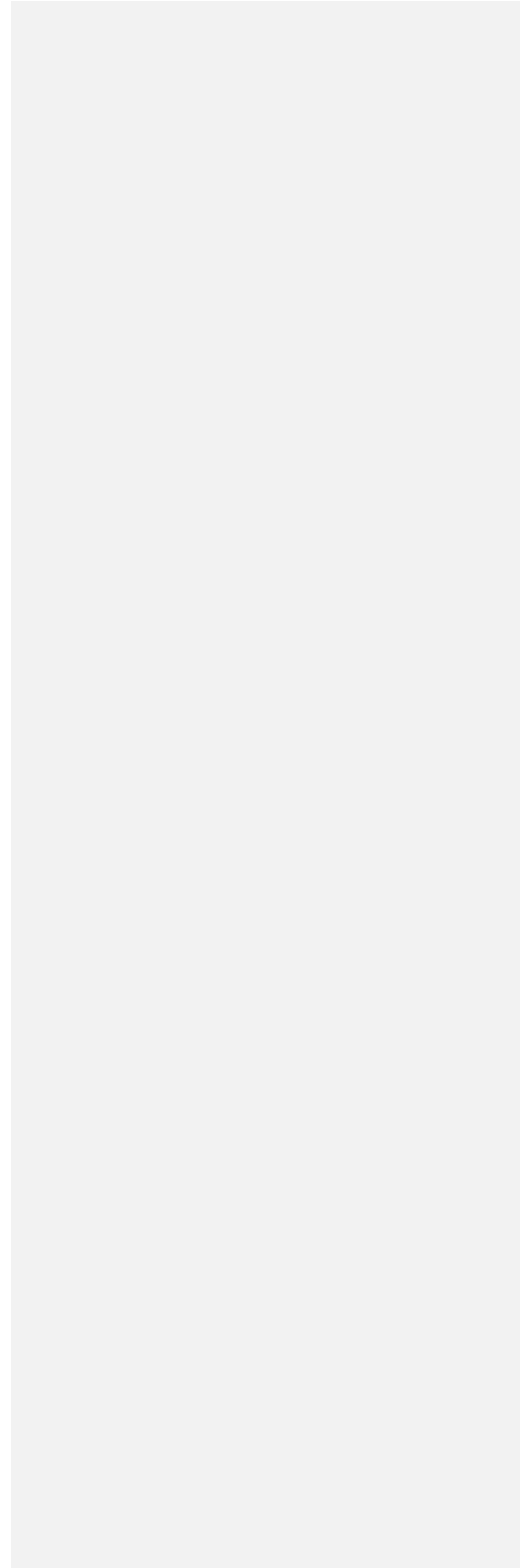
If a state has adopted the Annuity Disclosure Model Regulation (#245), the state may have also adopted an additional phrase to explain that the requirements of this section are intended to supplement and not replace the disclosure requirements of the Annuity Disclosure Model Regulation. The examiner should refer to the applicable V W Dp Act in Regulation.

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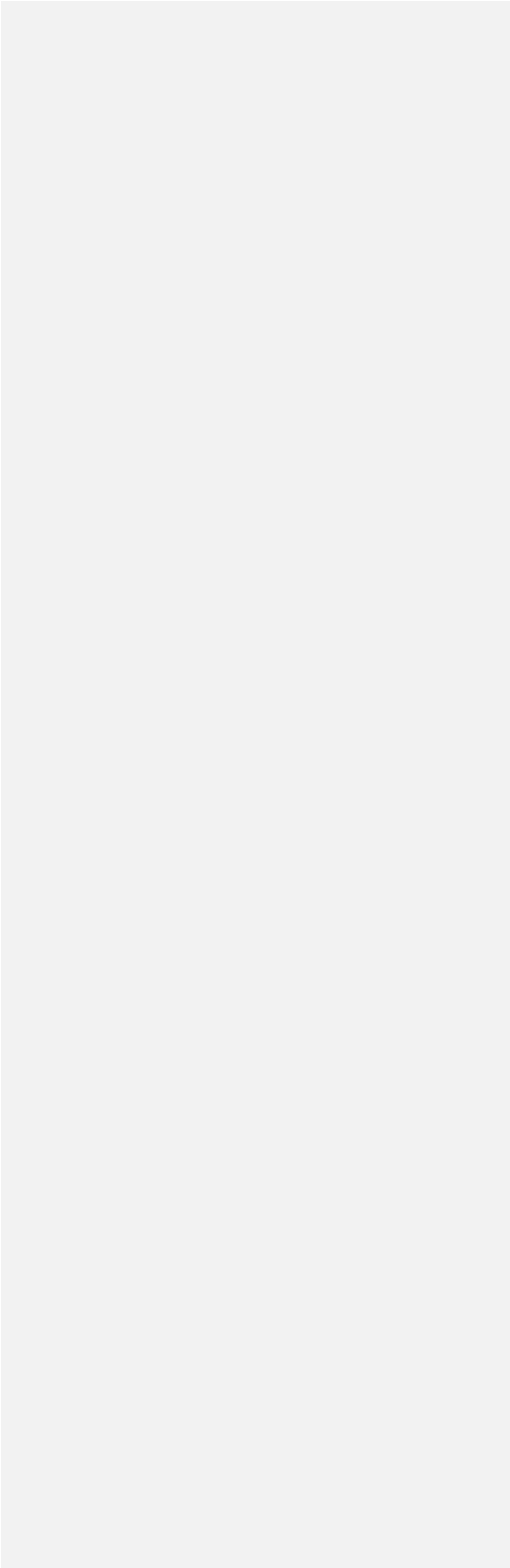
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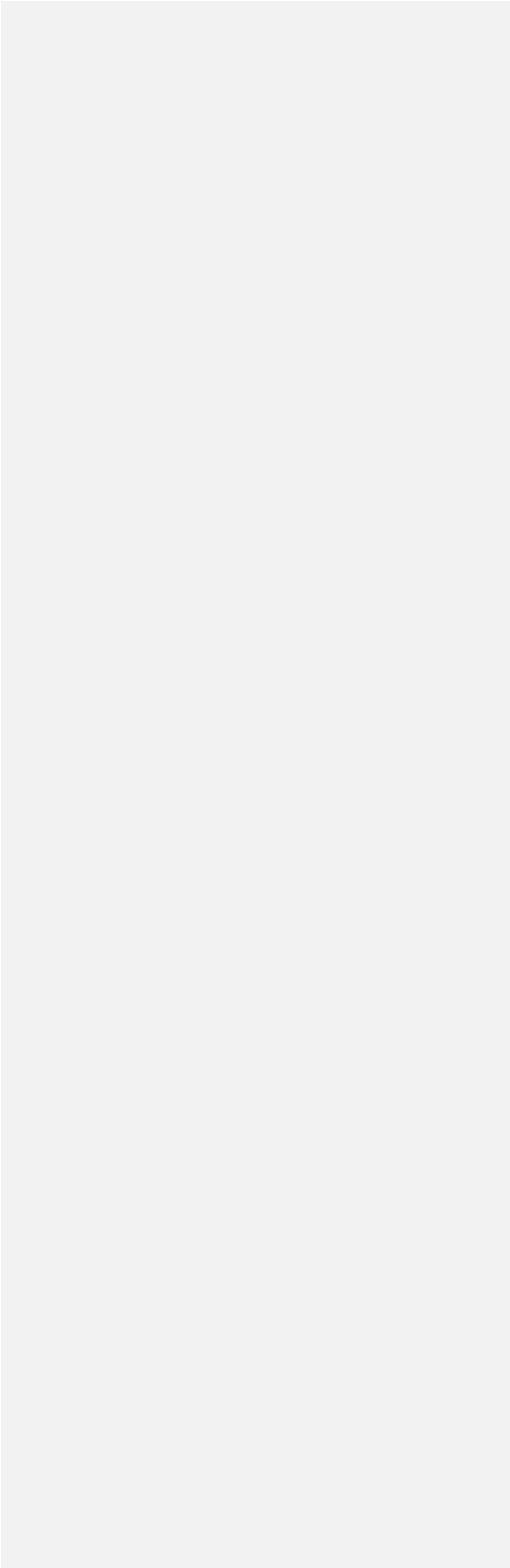
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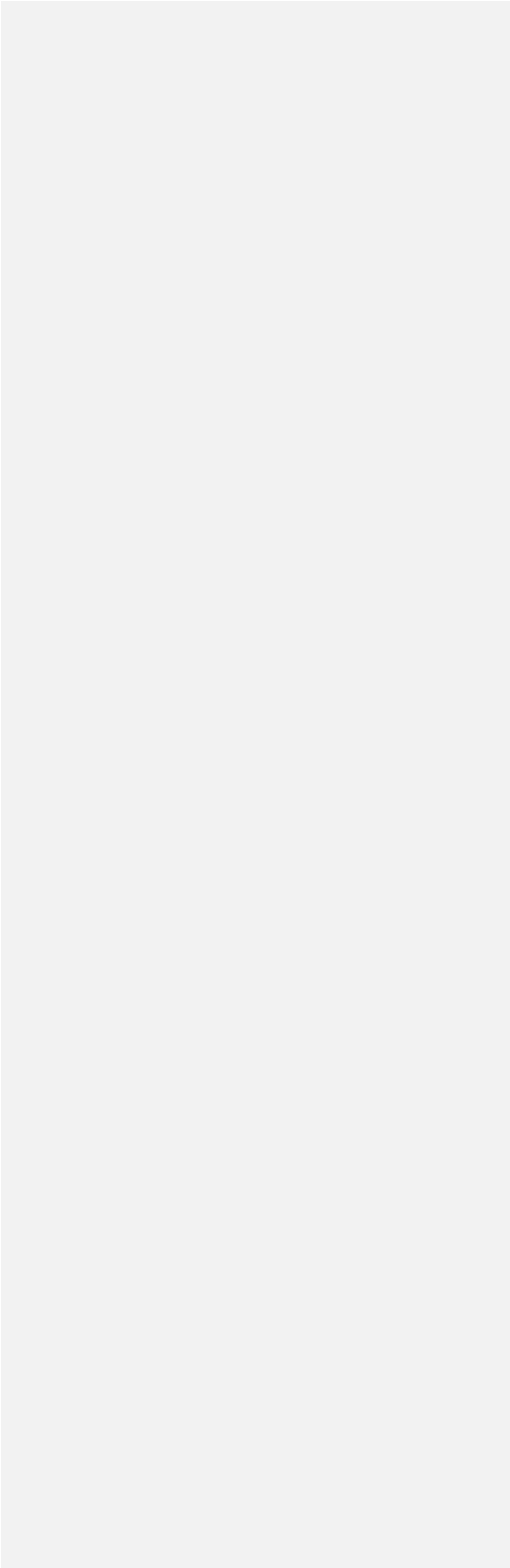
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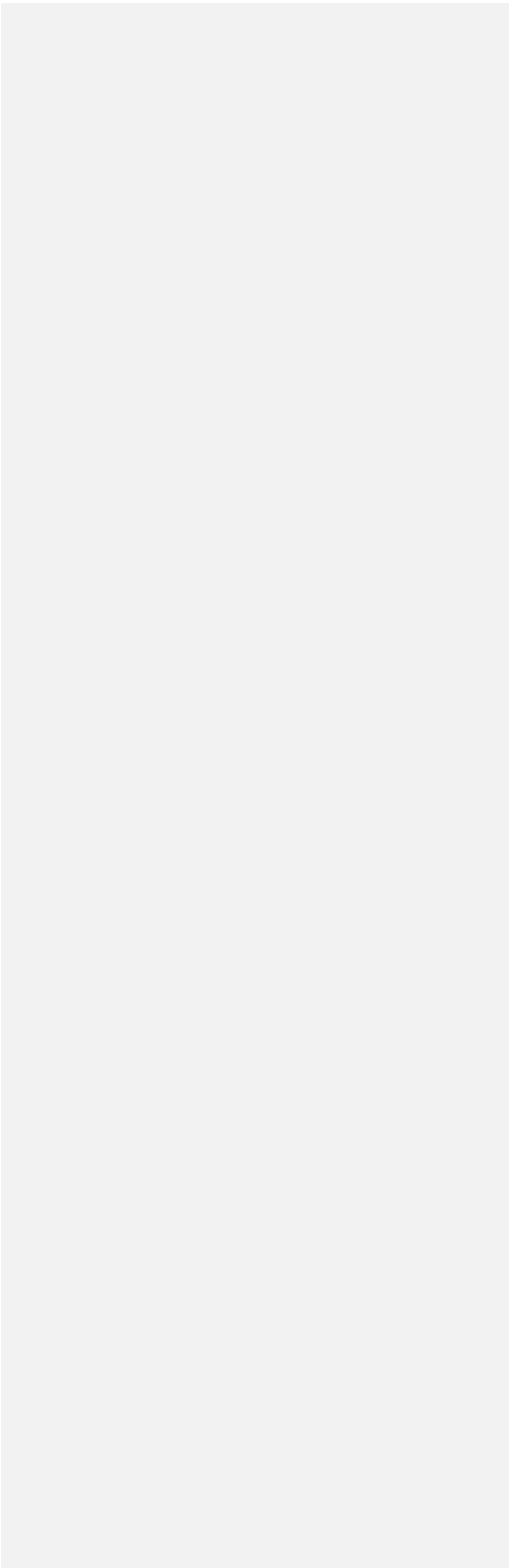
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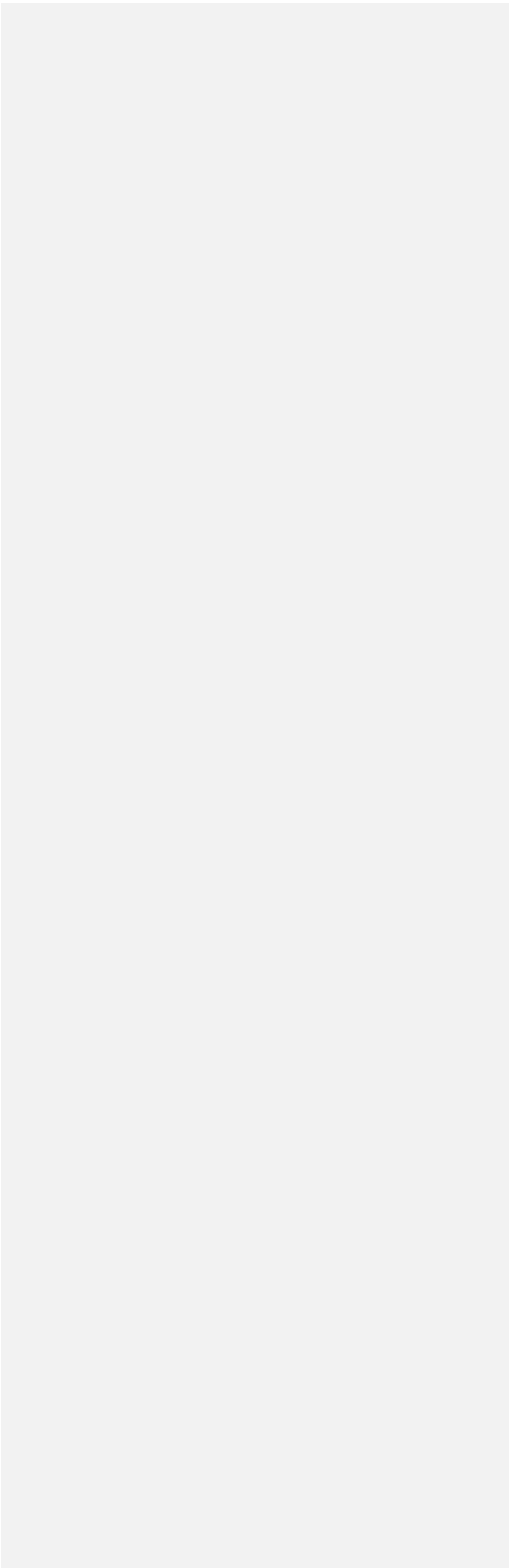


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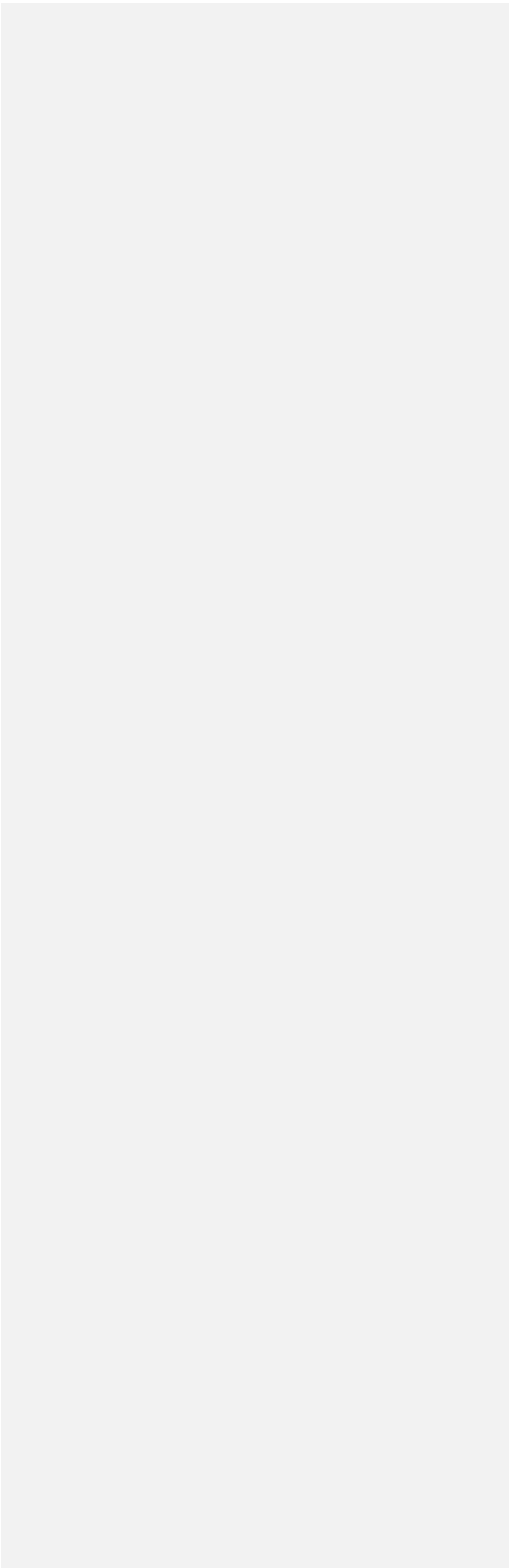


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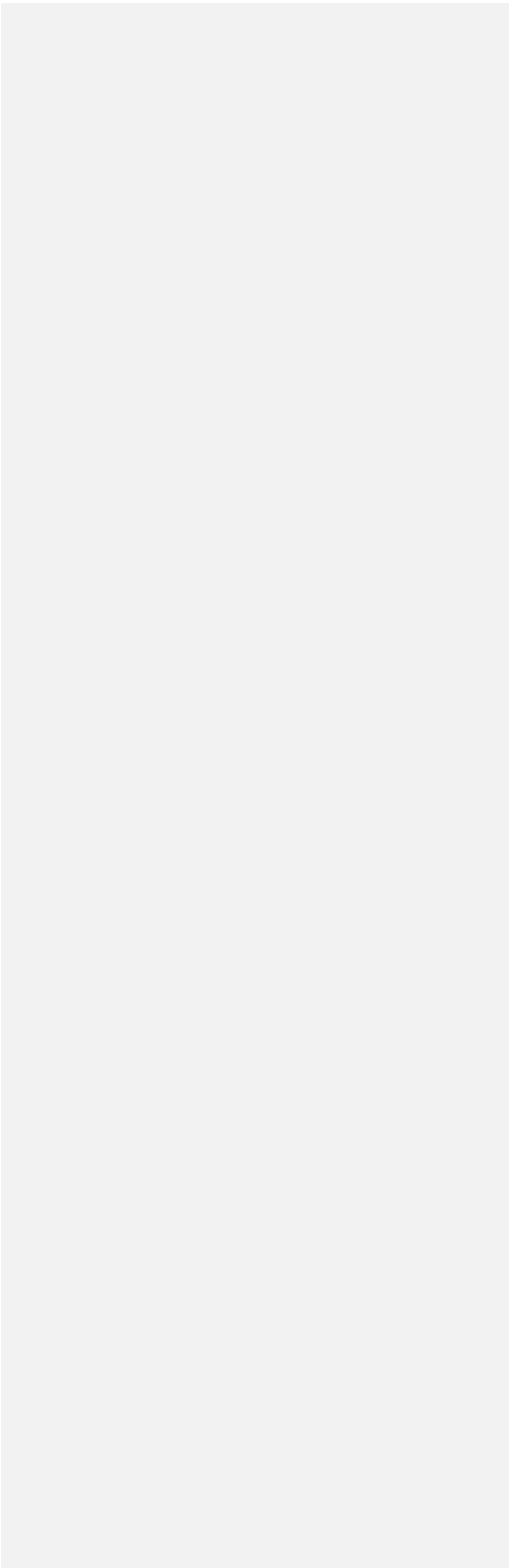


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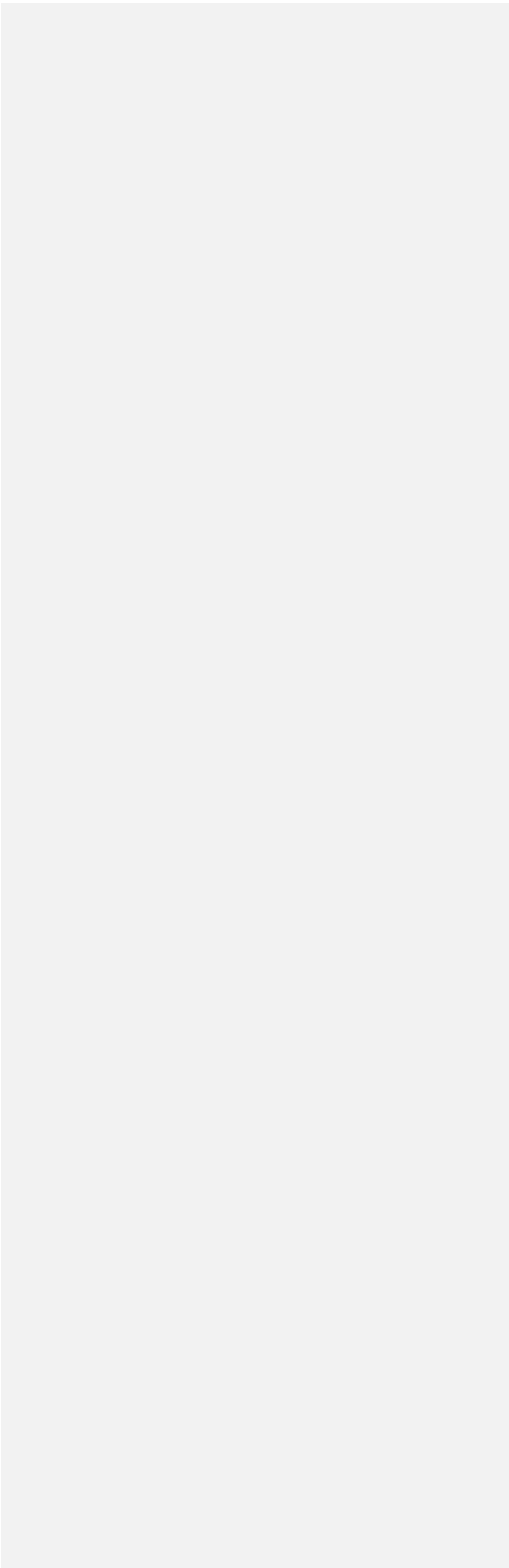
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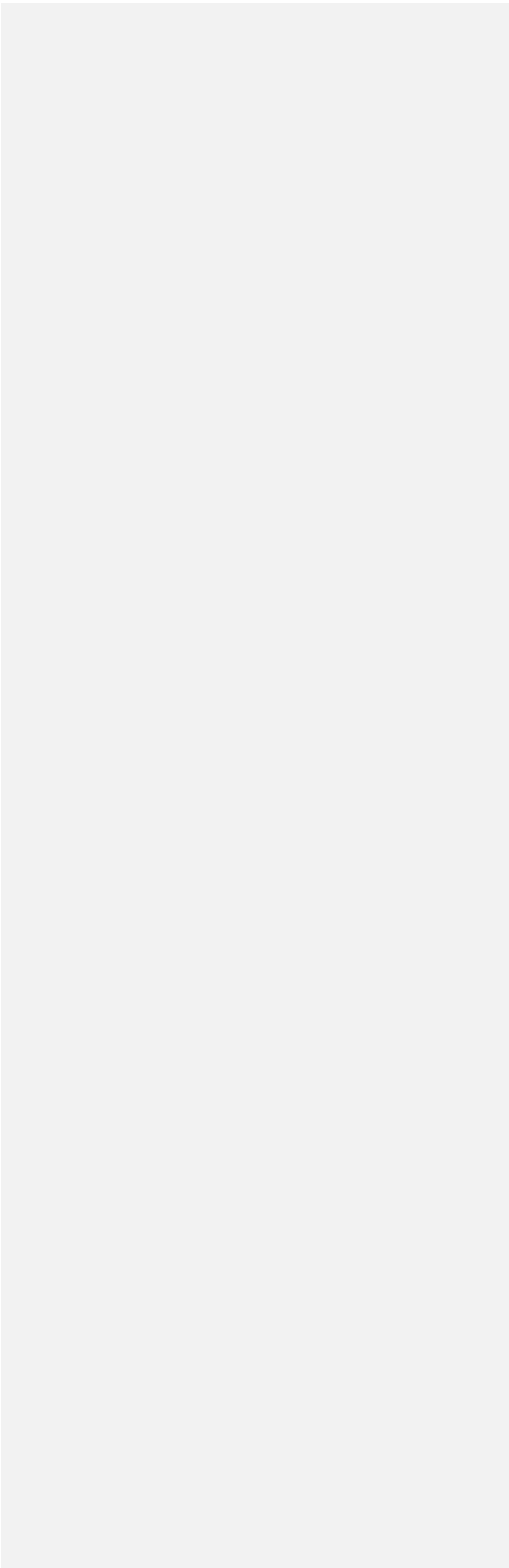
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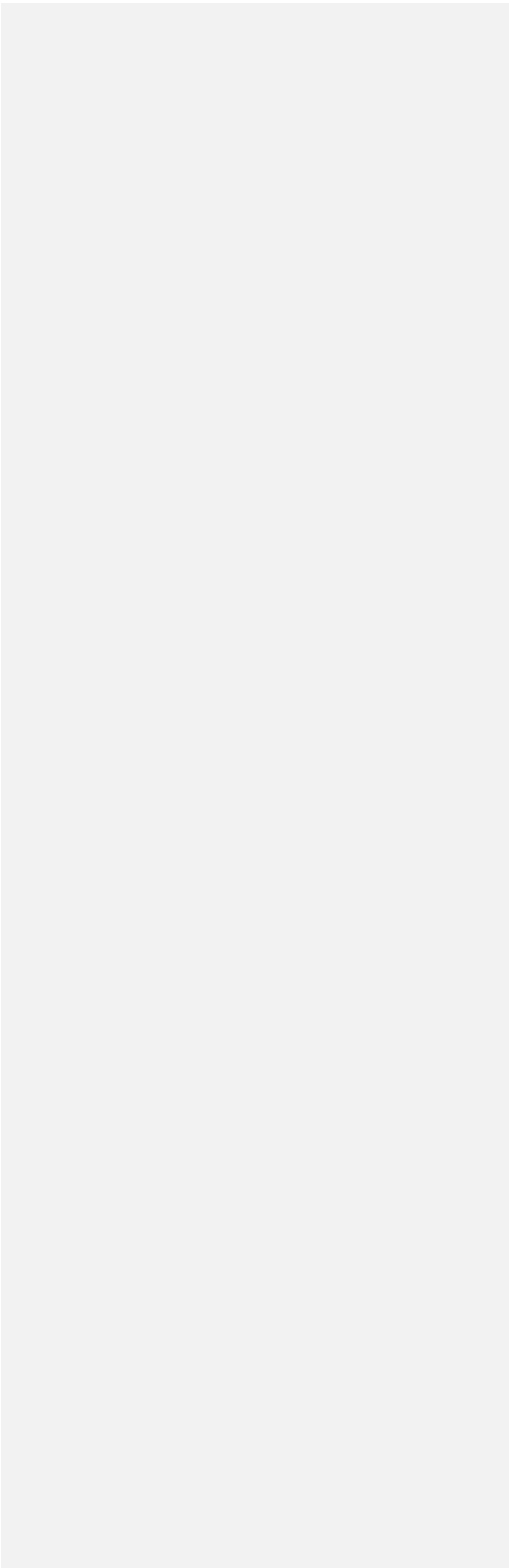
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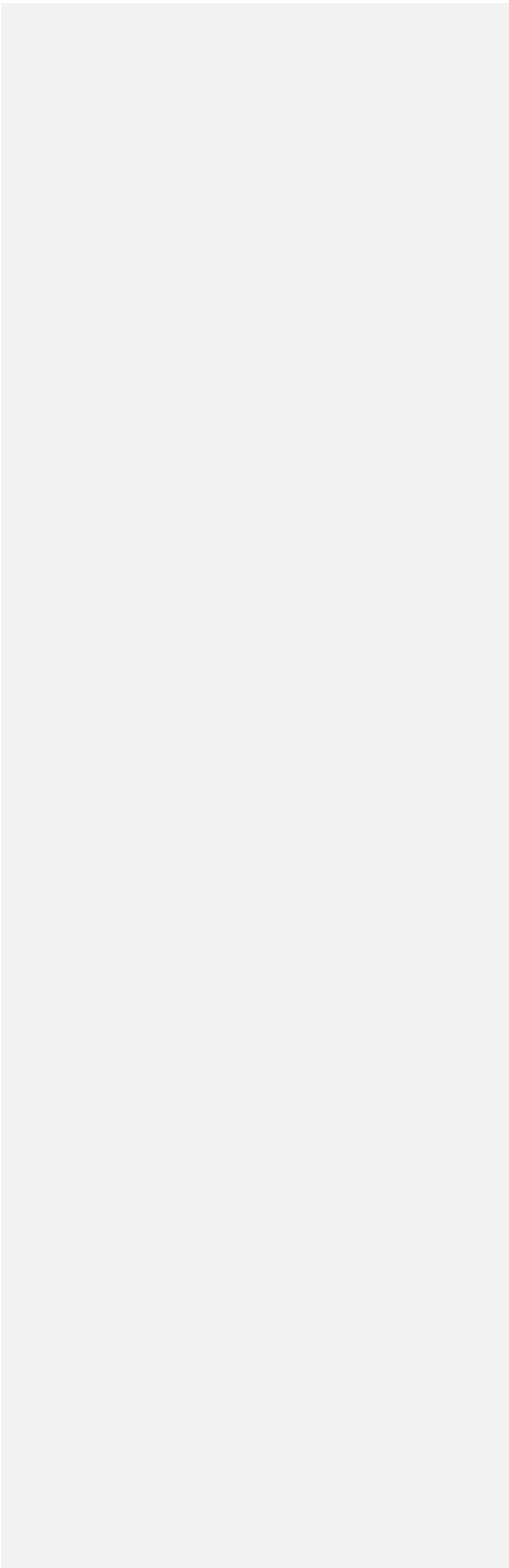
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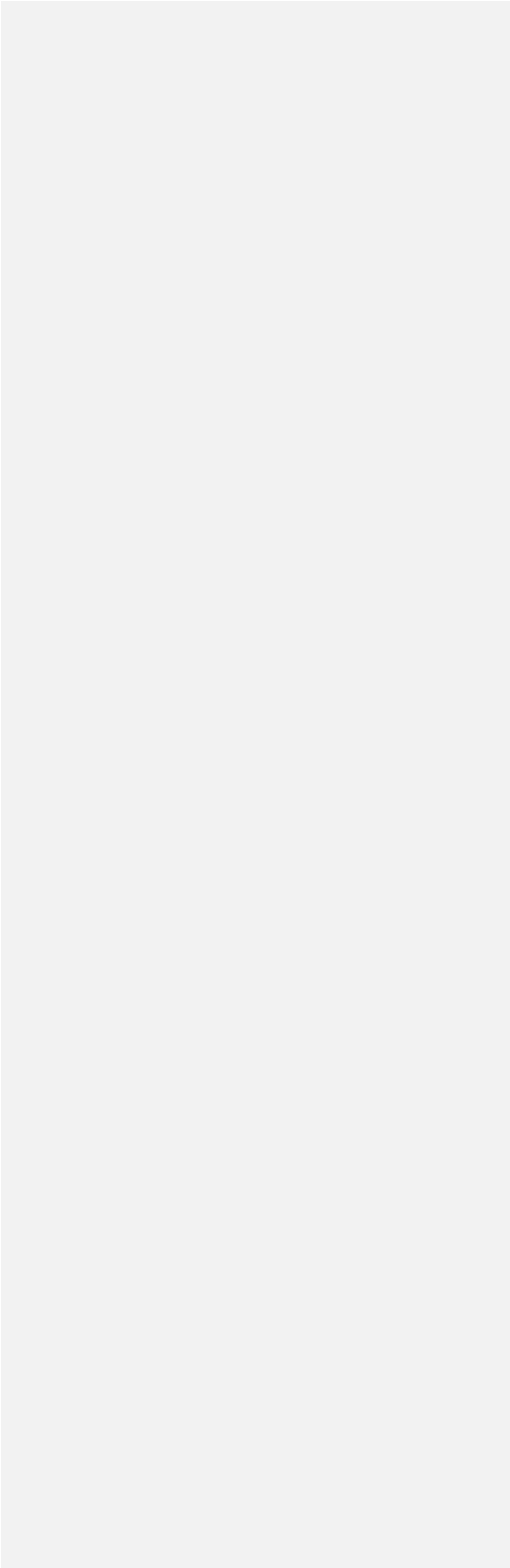
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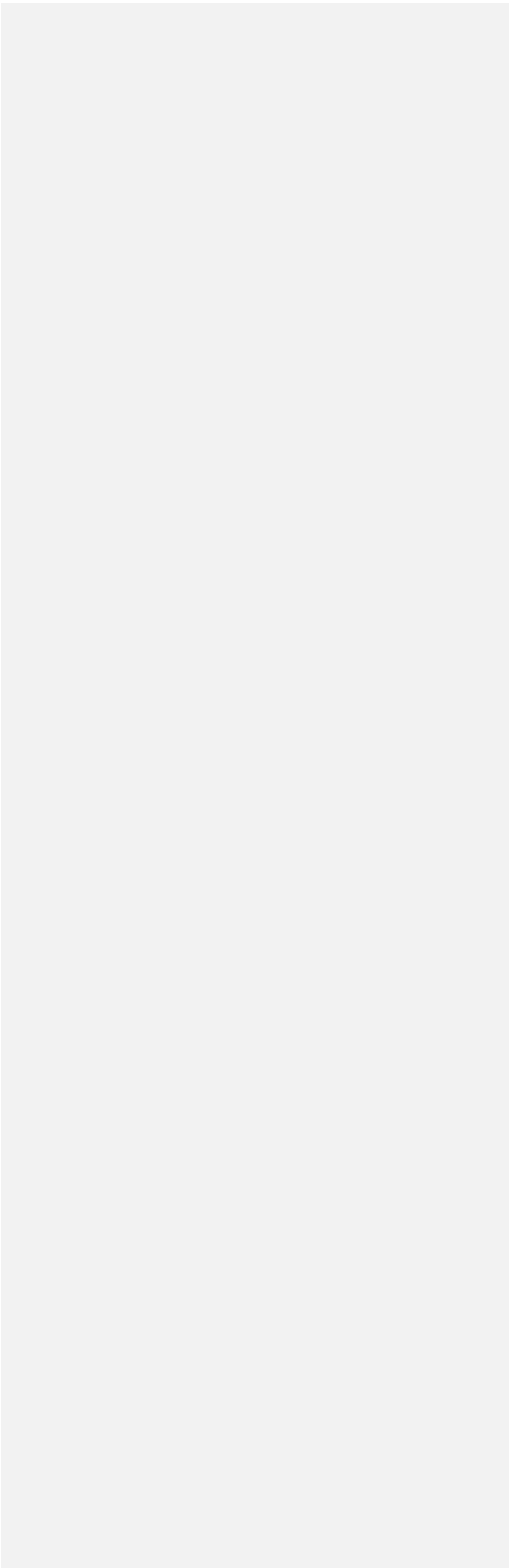
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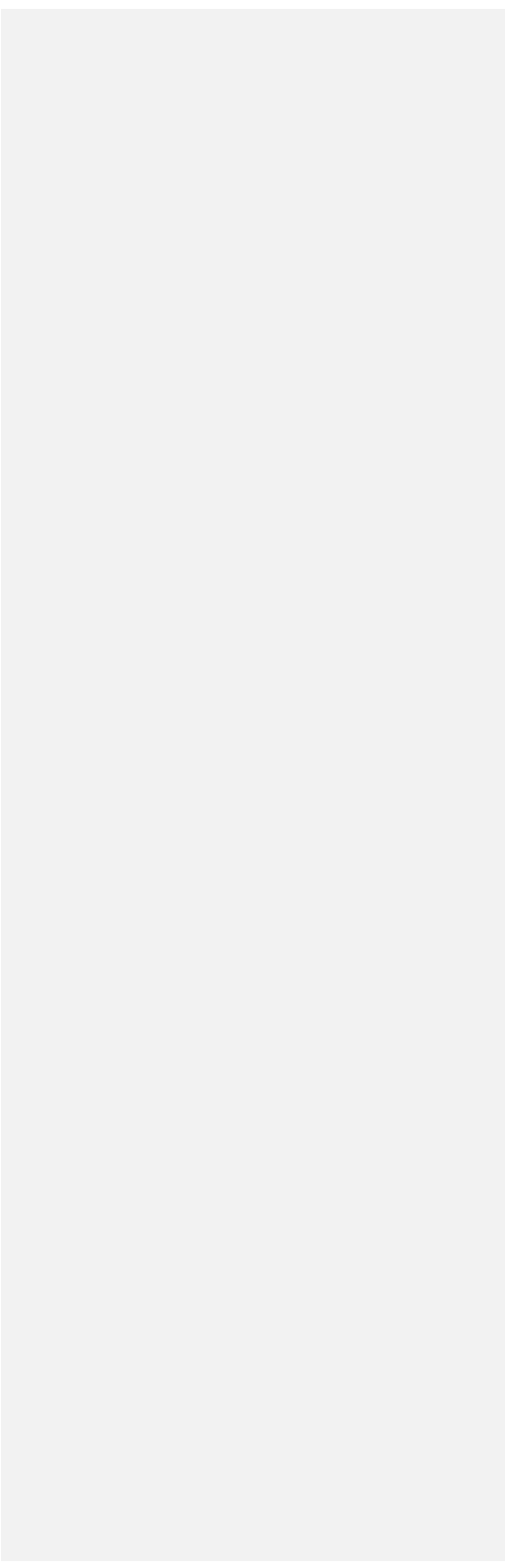
I. Supplemental Checklist for Marketing and Sales Standard #4 (F R Q W ¶ G

A supplemental illustration may be provided as long as

| Yes | No | Requirement |
|-----|----|--|
| | | It is appended to, accompanied by, or preceded by a basic illustration. |
| | | The non-guaranteed elements shown are not more favorable to the policyowner than the corresponding elements in the basic illustration. |
| | | It contains the same statement required of a basic illustration that non-guaranteed elements are not guaranteed. |
| | | The premium outlay/contract premium must be equal to the premium outlay/contract premium shown in the basic illustration. |

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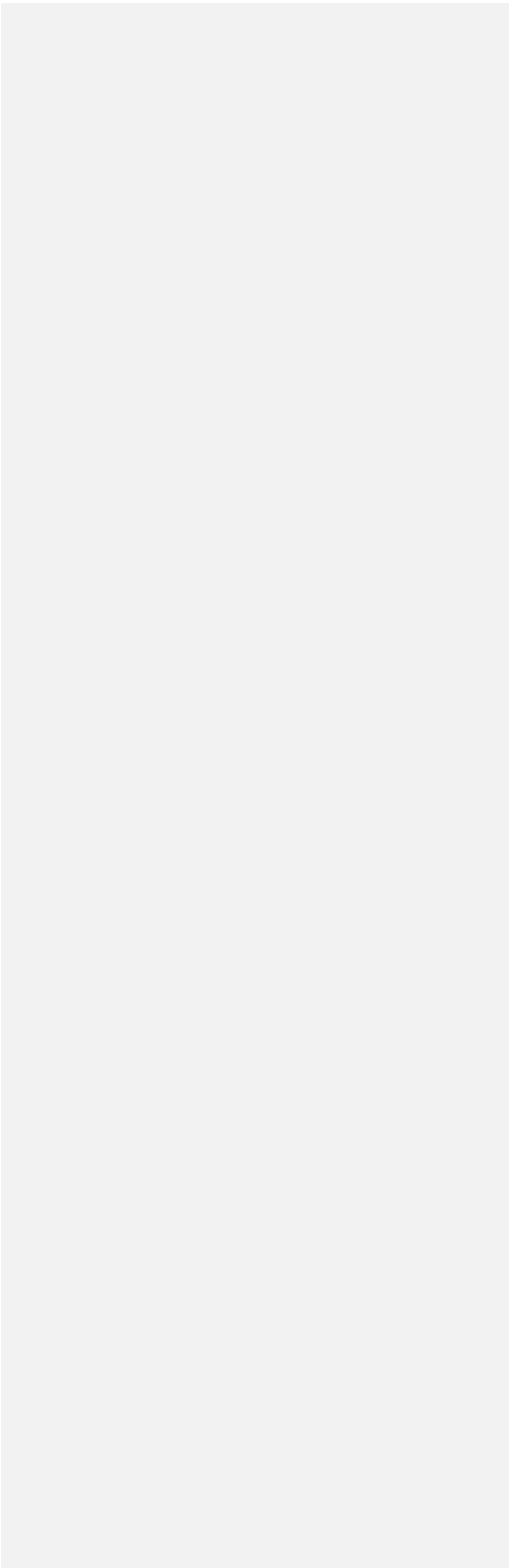
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