

OKLAHOMA INSURANCE DEPARTMENT

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GLEN MULREADY
INSURANCE COMMISSIONER

Via E-MAIL

October 11, 2019

The Honorable Jerry Klein, Senator - North Dakota
Chair, NCOIL Joint State-Federal Relations and International Insurance Issues
Committee

Attention: The Honorable Lewis Moore, State Representative - Oklahoma
The Honorable Andrew Garbarino, Assemblyman - New York
Will Melofchik, NCOIL General Counsel

RE: Draft NCOIL Insurance Business Transfer Model Act

Dear Senator Klein:

Thank you for your focus on the important emerging topic of Insurance Business Transfers and for the opportunity to provide these comments. As you know, Oklahoma is one of only two states with an IBT law. In fact, the draft IBT Model Act currently being considered by your committee is based on Oklahoma's law. That law was amended by Oklahoma Senate Bill 885 during the 2019 session, so I want to provide you with proposed amendments mirroring those changes and urge you to incorporate them into your draft model. My staff and I stand ready to assist you in any way you need. Our knowledge grows daily as we work through not one but two IBT applications already under review in Oklahoma.

In addition to providing you with proposed amendments, I also want to address some comments you have previously received from the American Council of Life Insurers (ACLI). I applaud the work that ACLI has done in developing its principles and guidelines and I am happy to say that I agree with nearly every one of them. With few exceptions, I think the principles should be considered in the review of each proposed IBT. However, I believe that ACLI's insistence that the principles be included in the model law is overbroad and too prescriptive.

Our experience in Oklahoma informs my belief that such principles should not be placed in law but instead be reserved for regulations or informal guidance. Oklahoma's IBT process is modeled after the highly-successful Part VII transfer process in the UK and both regulatory authorities which play a role in that process, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority

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(FCA), have promulgated extensive review guidance documents.¹ Not only does their experience show that including these items in law is not necessary, I worry that too many legal prescriptions could hurt the process.

As we have labored to implement the Oklahoma IBT Act one thing has become clear: the possible transaction permutations are vast and every IBT will be different from another, some drastically so. As I have grown fond of saying, if you've seen one IBT, then you've seen one IBT. Because Oklahoma law and the draft NCOIL model both allow for transactions including all lines of business and both personal and commercial coverages, the range of IBT possibilities is seemingly endless. Regulators who review them need the flexibility to address each transaction as it comes, and placing into the law too many requirements could serve to hinder the very market we are trying to encourage.

I greatly appreciate the opportunity to provide amendments and comments as you further consider this model act. I ask that you include the attached amendments in the draft NCOIL IBT Act and, although ACLI's principles and guidelines are mostly substantively excellent and well-meaning, I urge you to reject the notion that the model law should include a multitude of specific requirements that could restrict the ability of regulators to review complex and varied transactions.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen Mulready".

Glen Mulready
Oklahoma Insurance Commissioner

GM/km

¹ See [The Prudential Regulation Authority's approach to insurance business transfers](#) & [The FCA's approach to the review of Part VII insurance business transfers](#). Also see [Oklahoma's Guidance Regarding Insurance Business Transfers](#).