

MEMO# 3076

September 10, 1991

INSTITUTE RESPONDS TO NASAA COMMITTEE PROPOSALS

September 10, 1991 TO: CONTRACTUAL PLANS COMMITTEE NO. 12-91 RE: INSTITUTE
RESPONDS TO NASAA COMMITTEE PROPOSALS

The Institute submitted the attached comment letter to the NASAA Investment Company Registration/Trading Practices Committee in response to certain proposed recommendations as discussed at the NASAA Committee meeting in Boston earlier this summer. (See Memoranda to Contractual Plans Committee Nos. 9-91, dated August 16, 1991 and 8-91, dated July 3, 1991.) The Institute has also been advised that in addition to the proposals discussed in Boston, the NASAA Committee has also proposed that the states adopt a policy guideline that requires contractual plan sponsors to submit annual persistency rates to each state in which the plan is registered an. Further, failure to maintain a persistency rate of 80% or higher shall be grounds for denial, suspension or revocation of the registration in any particular state. Inasmuch as the Institute was informally advised of this persistency proposal, it was determined that an additional letter, addressing persistency in general rather than the specific NASAA proposal, be submitted to the NASAA Committee as soon as possible. A draft of the Institute's letter will be distributed to you for comment by the end of next week. We will keep you advised of further developments. Patricia Louie Assistant General Counsel Attachment

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