MAYER BROWN

Global Corporate Insurance and Regulatory Bulletin

INSURANCE & REINSURANCE INDUSTRY GROUP

November 2013

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ASIA

CHINA – CHINESE INSURERS AS A NEW SOURCE OF CAPITAL FOR PRIVATE EQUITY FUNDS?

The China Insurance Regulatory Commission ("CIRC") announced new rules (*Implementing Rules of Provisional Measures on Outbound Investments with Insurance Capital*) in October. The new rules allow Chinese domestic insurance companies greater freedom in contributing to overseas private equity funds. Given the expansive asset portfolio of such insurers, the potential for additional capital for private equity funds could be significant.

The rules also permit access to other international asset classes, including fixed income products, equity type products, money market products, securities investment funds, and real estate, although such investments are restricted to a sub-set of 25 developed countries (including the US, Canada, Australia, New Zealand, much of Europe, Singapore, Japan and Israel) and 20 markets classified as emerging markets (the other BRIC countries plus Taiwan, Korea and an assortment of other up-and-coming jurisdictions). There is no geographical restriction for private equity funds.

Insurers may also make direct investments in private companies within the permitted geographic limits, in relation to companies operating in the following industries: finance, elderly care, healthcare, energy, resources, automobile services and modern agriculture.

Offshore investments by Chinese insurers will be capped at a total of 15% (up to 10% in the emerging markets countries) as a proportion of assets, and insurers will be subject to a solvency adequacy ratio of 120%.

The following qualifications will also need to be met in relation to each relevant private equity fund before a Chinese insurer may invest in such a fund:

> *Capital adequacy:* The sponsor must have at least USD 15 million paid-in capital.
>
> *Asset adequacy:* The cumulative assets under the sponsor's management must be not less than USD 1 billion.
>
> *Committed capital:* The fund must have at least USD 300 million committed capital (of which an as-yet-unstated proportion, to be determined by CIRC, must have been contributed).
>
> *Target:* The fund must be targeting growth stage enterprises or those with a high potential for mergers and acquisitions.
>
> *Control:* No financial institution (or a subsidiary of such) may have *de facto* control over, or hold any general partner interest in, the fund (see below for more on this).
>
> *Investment team:* The manager must meet additional requirements regarding the composition of the investment team, its track record, and in relation to its key persons.

Certain issues still need clarification by CIRC, in particular:

(a) The definition of "financial institutions" is wide as a general matter of Chinese law; if this wide definition is adopted by CIRC for these purposes, it may render many private equity funds ineligible for investment as a result of the control test noted above.

(b) It is not clear if express approval of each investment in a private equity fund will be required by CIRC (as has been the case for Renminbi ("RMB")-denominated funds in the past). If so, this could dampened the effect of the rules as such approvals have been time consuming to obtain in relation to RMB-denominated funds.

As such, ongoing interpretation by CIRC will be crucial. Past reforms by CIRC have generated few international investments by Chinese insurers, and it remains to be seen whether Chinese insurers will be able to, or will choose to, make use of these investment rights in practice.

CHINA – CHINA INSURANCE REGULATORY COMMISSION SUPPORTS INSURANCE BUSINESS IN SHANGHAI FTZ

CIRC formally announced on 29 September 2013 eight policy initiatives to develop insurance businesses in the Shanghai Free Trade Zone ("FTZ") in support of the FTZ launch. The initiatives pledge to support the following:-

1. the establishment of foreign-owned health insurance companies in the FTZ;

2. the setting up of branch organizations in the FTZ by insurance companies to develop cross-border RMB-denominated reinsurance business and research in catastrophe insurance schemes in Shanghai;

3. the development of overseas investment by insurers in the FTZ and the expansion in scope and ratio of overseas investment of insurers in the FTZ;

4. business development of internationally renowned insurance intermediaries and organizations in reinsurance business in the FTZ;

5. the growth of shipping insurance industry in Shanghai;

6. the development of innovative insurance products by insurers and the expansion of the scope of liability insurance;

7. the development of Shanghai insurance market system and insurance organizations; and

8. the promotion of financial reform and innovation in the FTZ and the strengthening of cooperation between CIRC and the Shanghai Municipal People's Government.

Foreign insurance businesses established in the FTZ will only be able to operate within the Shanghai FTZ (unless they partner with a domestic Chinese insurance company). Two Shanghai-based insurers, China Pacific Property Insurance and Dazhong Insurance, have already obtained approval to set up branches to operate property and casualty insurance in the FTZ and are awaiting for the announcement from the authorities of the special treatment that they may enjoy in the FTZ. Other general insurers such as People's Insurance Company of China and Ping An Insurance may soon follow in seeking to establish branches in the FTZ.

CHINA – BOOST FOR INSURANCE IN THE HEALTHCARE SERVICE INDUSTRY

China's State Council released a plan on 14 October 2013 titled *Several Opinions on Promoting the Development of the Healthcare Service Industry* ("Opinions"), setting national goals for the healthcare industry to achieve by the year 2020. The healthcare service industry was defined by the Opinions as: (a) medical services; (b) health management and promotion; and (c) health insurance and relevant services.

Five specific goals were set out in the Opinions, one of which was to encourage diversified commercial insurance products which would supplement the Basic Medical Insurance scheme. Qualified commercial insurers will also be encouraged to participate in institutional reform, trusteeships, and private operation of historically state-run institutions.

It is also expected that restrictions on private investment in the healthcare service industry will be relaxed, and the pilot program of wholly foreign-owned medical institutions will gradually expand. Whilst specifics are yet to be finalised, foreign insurers should pay attention to the healthcare reforms, with a view to monitoring development and business opportunities in China.

UK/EUROPE

EUROPE – SOLVENCY II UPDATE

On 13 November 2013, a trialogue agreement was reached between the European Parliament, the Commission and the Council on Omnibus II, the secondary directive underpinning Solvency II. This agreement has provided some positive momentum to the much delayed implementation process for Solvency II.

The Omnibus II directive adapts Solvency II to reflect the revised EU financial services supervisory framework and align it with the legislative process introduced by the Lisbon Treaty. The proposed amendments Omnibus II makes to Solvency II are:

1. changes level two implementing measures into delegated acts in the light of the Lisbon Treaty;
2. Commission powers to define transitional requirements;
3. amendment to the Commission's level 2 empowerments;
4. inclusion of the European Co-operative Society in list of permissible forms of insurer and reinsurer;
5. Euro amount of the absolute floor of the minimum capital requirement;

6. extension of Solvency II transposition, repeal and implementation dates; and
7. changes to ensure European Insurance and Occupational Pensions Authority can work effectively.

The agreed text of Omnibus II is not yet publically available. However, the major changes from the regulators' original wishes appear to be:

1. higher volatility dampener, protecting assurers from large changes in credit spreads; and
2. phasing in of some elements over a considerably longer period than was originally proposed.

The Financial Times has estimated that had the amendments to Omnibus II not been agreed the cost to EU insurers would have been €145bn. This is based on a combination of the new Solvency II regulations and stressed credit markets. The problem stems from long-term business, such as annuities in which insurers offer a guaranteed return. Insurers are seeking to match their assets to liabilities and resulting in portfolios of corporate bonds which they hold until maturity. Initially, Solvency II proposed that, when calculating assets required, liabilities were to be discounted at the risk-free rate. However, when government bonds and corporate bonds move differently assets can fall whilst liabilities remain high thus creating a deficit. The agreement reached ensures that assets and liabilities do not move entirely independently.

Solvency II is a "Lamfalussy process" directive, which means that it only sets out general principles of the new regulatory regime and in order for the rules to apply in full level two implementing measures will need to be adopted. The detail of such implementing measures needs to be addressed in order for the implementation date of January 2016 to be met.

UK – LLOYD'S COVERHOLDER APPROVAL, RESTRICTED COVERHOLDERS AND CONSUMER PRODUCT BINDING AUTHORITIES

On 8 November 2013, the Society of Lloyd's published a market bulletin setting out proposed changes to its requirements relating to coverholders.

Currently, Lloyd's operates a coverholder approval process designed to ensure that all coverholders remain suitable. This current approval process has been in place since 2004, since which time there have been significant changes in the regulation of insurance, with a particular focus on the selling of financial products including insurance to consumers. To respond to such changes, Lloyd's has worked closely with market working groups to develop proposals to enhance their risk management processes applying to businesses bound by coverholders involving consumer business.

The changes will include:

1. Coverholder approval requirements

   Currently there are two kinds of coverholders – fully approved coverholders and restricted coverholders – and different approval requirements apply to each:

   (a) fully approved coverholders are assessed against a number of criteria in order to satisfy Lloyd's that they are suitable to be approved; and

   (b) restricted coverholders are registered by managing agents but are not approved or subjected to any due diligence by Lloyd's. Restricted coverholders have no underwriting discretion and significantly less underwriting authority and, as such, in the past Lloyd's has considered that they do not need to be subjected to such rigorous approval processes.

   Despite not presently being subject to an approval process, a significant amount of restricted coverholder business is consumer business requiring a high level of regulatory compliance, but due to the very limited information held by Lloyd's in relation to these coverholders, there are very limited assurances as to the way in which the business is written.

   Lloyd's therefore proposes to remove the category of restricted coverholder and going forward all coverholders will be subjected to approval, with the approval process being tailored to the level of underwriting authority held by the coverholder.

2. Consumer Product Binding Authorities ("CPB")

   During its review of coverholders, Lloyd's also considered the standards and procedures that are appropriate to manage conduct risk, meaning the risk that behaviours or processes result in a poor outcome for policyholders. The focus is on conduct risk where coverholders are permitted to write consumer business.

   This is a timely issue given the increased regulation faced by managing agents and coverholders failing to properly manage risk. In addition to ensuring policyholders are treated fairly, it is also in the interests of managing agents and coverholders that the management of risk is considered.

   Lloyd's is therefore proposing that managing agents should be able to evidence appropriate due diligence in respect of binding authorities classified as CPBs. A CPB is a binding authority under which a consumer product is distributed by a coverholder meaning the end customer is a consumer irrelevant of whether the coverholder is distributing the product directly to the consumer or through a producing broker.

   Lloyd's has prepared a model CPB questionnaire to be completed each time a CPB is entered into with a coverholder. It intends to pilot the questionnaires from January 2014 with the arrangements becoming mandatory from the middle of 2014.

3. Minimum standard for conduct risk

   Lloyd's has drafted a fifth minimum standard for the management of conduct risk in delegated underwriting. This is being reviewed as part of the minimum standards consultation process and will be shared with the whole market for feedback in due course.

The market bulletin can be found here.

UK – SOLVENCY II: APPLYING EIOPA'S PREPARATORY GUIDELINES

In October 2013, the UK Prudential Regulation Authority ("PRA") issued a consultation seeking views on its draft supervisory statement which sets out its expectations of firms in relation to the European Insurance and Occupational Pensions Authority's ("EIOPA") guidelines for the preparation for Solvency II.

The purpose of the statement is to set out the PRA's expectations of firms during the preparatory phase for Solvency II in relation to EIOPA's guidelines, which apply to the National Competent Authorities ("NCA") and are aimed at ensuring firms are preparing for the implementation of Solvency II.

The guidelines cover (1) system of governance; (2) forward-looking assessment of the undertaking's own risks, based on the principles for the Own Risk and Solvency Assessment ("ORSA"); (3) submission of information to NCAs; and (4) pre-application for internal models.

The PRA's statement aligns with those four areas and provides clarification on the PRA's expectations of firms as they prepare for Solvency II, its approach to implementing the guidelines, and its interpretation of aspects of the guidelines.

The PRA supports EIOPA's proportionate and pragmatic approach in preparation for the implementation of Solvency II. The guidelines and PRA statement are intended to develop a consistent and convergent approach in preparations for Solvency II and not its early implementation.

The PRA will review a firm's preparations in a proportionate and risk-based fashion given they will be expected to apply the guidelines in a manner appropriate to their own business.

1. System of governance

   The guidelines will assist firms in developing their governance policies and increasing their preparedness for Solvency II. Good systems of governance promote a firm's soundness and increase protection of policyholders and as such they will advance the PRA's objectives.

   The PRA considers the guidelines to be largely consistent with existing good practice within the UK and as such the immediate impact of the guidelines on firms may be limited.

2. Forward-looking assessment of the undertaking's own risks, based on the principles for the ORSA

   The PRA considers the approach taken by the guidelines to be compatible with its principles for business and that they will assist firms in developing their risk management framework and enhancing preparedness for the Solvency II standard expected for an ORSA.

   The PRA will not prescribe the format or content of the ORSA, recognising that they need to reflect the specific risk profile and governance mechanism of each firm and group.

3. Submission of information to NCAs

   The PRA will apply the proportionality principle and its risk based approach to supervision when applying the thresholds for life and non-life firms, individual firms and groups set out in EIOPA's guidelines. The PRA will notify firms falling within the relevant thresholds no later than eleven months before the first submission reference dates set out in the guidelines.

   The PRA appreciates dialogue between firms and their supervisors as to how certain guidelines might be applied during the preparatory phase to enable them to take appropriate account of firm specific characteristics.

4. Pre-application for internal models

   This is particularly relevant for those firms currently engaged in the internal model approval process ("IMAP"). The PRA considers the guidelines to support the on-going pre-application process and it will continue to work with firms in IMAP following the pragmatic approach previously set out using the Solvency II preparation work through the ICAS+ process or through regular IMAP activities.

The PRA consultation paper can be found here.

UK – PASSPORTING ISSUES

The British Insurance Brokers' Association ("Biba") has called for the UK Treasury to question whether European insurers should be able to operate in the UK under the practice known as passporting without approval from the Financial Conduct Authority ("FCA").

Currently, any general insurance firm which has been approved by a regulator in any of the 27 other European member states (or Iceland, Norway, Liechtenstein or Gibraltar) can set up a branch in the UK without any further approval.

The practice is controversial as the requirements for setting up an insurance firm in the UK imposed by the FCA are often more stringent than those imposed by regulators in other member states and Biba believes the practice should be looked at as part of the government's ongoing audit of how the EU affects the UK.

Presently the Treaty of Rome prevents the FCA having any say over what firms can operate in the UK and Biba believes consideration should be given to allowing the regulator a degree of control to exercise in order to try and prevent poorly capitalised insurers operating in the UK on a passport.

US/AMERICAS

US – 2013 FIO REPORT ON THE IMPACT OF PART II OF THE NRRA

On November 6, 2013, the Federal Insurance Office ("FIO") released its "2013 Report on the Impact of Part II of the Nonadmitted and Reinsurance Reform Act" (the "NRRA Impact Report") (available here).

The Nonadmitted and Reinsurance Reform Act of 2010 ("NRRA"), included as a part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), was intended to provide greater uniformity among states with respect to regulation of surplus lines and reinsurance. Part II of the NRRA addresses regulation of reinsurance, and provides that only the domiciliary state of a reinsurer has the authority to regulate the financial solvency of that reinsurer and prohibits other states from requiring additional financial information other than that filed with the domiciliary state. Under the Dodd-Frank Act, FIO was required to submit a report by January 1, 2013 to Congress "describing the impact of [P]art II of the [NRRA] on the ability of State regulators to access reinsurance information for regulated companies in their jurisdictions."

The NRRA Impact Report was prepared in consultation with state regulators, through the National Association of Insurance Commissioners and with the Reinsurance Association of America ("RAA"). According to the NRRA Impact Report:

- State regulators did not express any concern with respect to the impact of the provisions in Part II of the NRRA and the ability to promptly receive from other regulators the necessary financial information with respect to a reinsurer.
- While a few state regulators speculated that in some cases information may not be made available in the future as a result of Part II of the NRRA, FIO did not find any factual bases to support such concerns.
- RAA indicated that, as of July 1, 2013, its members were unaware of any situation in which a state regulator has been unable to obtain information in which it had an interest.

In the NRRA Impact Report, FIO concludes that "Part II of the NRRA has not had an adverse impact on the ability of state regulators to access reinsurance information for regulated companies." FIO is required to provide an updated report no later than January 1, 2015 on the ability of state regulators to access reinsurance information for regulated companies.

In addition to the NRRA Impact Report, the Dodd-Frank Act requires FIO to issue reports on gaps in state regulation and how it should be modernized. FIO has not yet issued these reports within the timeframes set forth in the Dodd-Frank Act.

US – PRINCIPLES FOR INSULATING ASSETS IN SEPARATE ACCOUNTS BEING REEVALUATED

In the United States, life insurance separate accounts were originally developed in connection with investment-linked products, such as variable life insurance and variable annuities. State insurance codes generally provide that assets that a life insurance company allocates to a separate account are insulated from the liabilities of the insurance company's general account. However, many life insurance companies now offer "hybrid" products that include general account guarantees in addition to an investment-linked element. In addition, separate accounts have sometimes been used in connection with non-variable products to get the benefit of the separate account insulation.

In 2010, the Financial Condition (E) Committee of the National Association of Insurance Commissioners ("NAIC") established a Separate Account Risk (E) Working Group (the "SARWG"), chaired by Blaine Shepherd of the Minnesota Insurance Division, to study life insurers' use of separate accounts for non-variable products, and particularly the use of separate account products that increase the risks to an insurer's general account. Over the past several years, the SARWG has conducted a series of meetings and conference calls and has drafted a set of recommendations that have recently been exposed for a comment period ending December 13, 2013, with the intent to proceed towards finalization and submission of those recommendations to the Financial Condition (E) Committee:

The most significant component of the SARWG's exposure draft is a recommendation to limit the insulation of separate account assets to funds contributed by customers, plus earnings thereon, less any withdrawals and fees. In addition, if the value of assets deteriorates, then the insulated value would be the reduced asset value and not the original amount contributed to acquire the assets. To the extent that the life insurance company provides guaranteed benefits that exceed the funds contributed by customers, plus earnings thereon, less any withdrawals and fees, any assets supporting such additional benefits would not be insulated, even if they are maintained in the separate account.

A further recommendation in the SARWG's exposure draft is that every separate account product should be initially filed with an opinion provided by a qualified actuary as to the sufficiency of the pricing ensuring that the general account will be adequately compensated for its provision of guarantees related to the liabilities on newly-issued contracts. In addition, for as long as the product continues to be issued, the life insurance company would need to keep that actuarial assessment up to date and document that fact in its statutory statement interrogatory disclosures.

The SARWG's exposure drafts are available here. As noted above, the comment period ends on December 13, 2013.

It is important to bear in mind that, even if SARWG were to adopt its exposure drafts as definitive recommendations, the documents would still need to be approved "up the chain" within the NAIC. And while the NAIC generally has the authority to define statutory accounting principles for insurance companies, separate account insulation provisions are currently embedded in the state insurance laws that govern separate accounts – laws that can only be changed by the action of individual state legislatures.

Not only would any proposed changes to those laws be quite controversial in legislatures of the states where major life insurers are domiciled, but also it does not appear that this issue has been identified as a priority by the National Conference of Insurance Legislators. It is therefore possible, even if SARWG's recommendations are adopted substantially as proposed and are incorporated into statutory accounting principles, that a conflict could emerge between the NAIC statutory accounting regime and the state statutory framework governing separate accounts.

US – PROPOSAL UNDER CONSIDERATION THAT WOULD REQUIRE POSTING OF COLLATERAL AS CONDITION FOR GRANTING RBC RELIEF FOR RISKS CEDED TO UNAUTHORIZED REINSURERS

The Life Risk-Based Capital (E) Working Group (the "Life RBC Working Group") of the Capital Adequacy Task Force of the NAIC Financial Condition (E) Committee held a conference call on November 1, 2013 to discuss comments it had received on a proposal that had been exposed for comment on August 25, 2013 regarding risk-based capital ("RBC") treatment of risks ceded to unauthorized reinsurers.

State statutes and regulations governing credit for reinsurance provide that, when a US insurance company cedes risks to an unauthorized insurer, it can generally only receive reserve credit for the reinsurance on its balance sheet to the extent that the reinsurer's obligation is secured by specified types of collateral. However, there is currently no similar requirement that requires collateralizing the "RBC relief" realized by the ceding insurer. As many unauthorized reinsurers are formed offshore, some regulators have said that the portion of RBC required for risks ceded to offshore reinsurers is "falling into the ocean."

On August 25, 2013, the Life RBC Working Group exposed for comment a proposal from Fred Andersen, a Supervising Actuary in the Life Bureau of the New York Department of Financial Services, that would limit RBC relief for risks ceded to an unauthorized insurer unless collateralized. Specifically, it would require collateral for RBC in addition to the collateral already required for reserve credit as a pre-condition to recognize the impact of reinsurance ceded to an unauthorized company in the RBC computations.

The deadline for comments on the proposal was October 9, 2013, and a number of comments critical of the proposal were provided to the Life RBC Working Group. The American Council of Life Insurers for example commented, "ACLI member companies are concerned that the proposal before the Life Risk-Based Capital Working Group would materially modify what has been accepted RBC treatment for reinsurance cessions for the last two decades.... A change to long-established practice should only be made with a clear understanding of the problem which needs resolution, and the extent of any problem in actual practice. It is not clear at this point what the issue is and how the Exposure [Draft] would address it." On the November 1, 2013 conference call, the Life RBC Working Group asked the proponents of the measure to address the comments received at the Life RBC Working Group's next meeting, which has not happened to date. The topic is, however, scheduled to be addressed in the December 15 meeting of the Life RBC Working Group at the NAIC Fall National Meeting. Accordingly, it remains to be seen whether, in the long-term, it will still be possible for RBC to allegedly "fall into the ocean" or not.

US – PROPOSED REVISIONS TO THE NAIC MORTGAGE GUARANTY INSURANCE MODEL ACT

The NAIC's Mortgage Guaranty Insurance (E) Working Group ("MGIWG") has exposed a revised version of the NAIC Mortgage Guaranty Insurance Model Act (Model 630) (the "Draft Revised MI Model Act") for forty-five days until January 9, 2014. The Draft Revised MI Model Act can be found here.

The Draft Revised MI Model Act represents a "conceptual draft" that was prepared by Wisconsin following a request from MGIWG for such a draft. It is based on the "Concepts – List of Potential Regulatory Changes Prepared by the Mortgage Guaranty Insurance (E) Working Group as of February 19, 2013", which were issued by MGIWG and discussed in our March bulletin (available here). The revisions cover aspects such as:

- Underwriting Standards;
- Capital Requirements;
- Reserve Requirements;
- Reinsurance Requirements;
- Investment Limitations; and
- Rescissions.

As such, the current draft does not incorporate views of the members of MGIWG or the public. MGIWG plans to discuss the Draft Revised MI Model Act at the upcoming NAIC Fall National Meeting on Sunday, December 15, 2013.

US – NAIC TO CONSIDER DEVELOPING GUIDELINES FOR HANDLING OF UNCLAIMED DEATH BENEFITS

On November 8, 2013, the NAIC's Life Insurance and Annuities (A) Committee (the "Life Committee") met via teleconference to discuss whether the Life Committee should consider developing guidelines for the consistent handling of unclaimed death benefits.

The Life Committee discussion follows increasing calls for uniformity by the industry. NAIC president and Louisiana Insurance Commissioner, Jim Donelon, and the Director of Nebraska Department of Insurance, Bruce R. Ramge, are among state regulators pushing for NAIC guidelines. In a November 4, 2013 letter to the Life Committee, Director Ramge urged the Committee to "begin the process of a formal discussion on life insurers' use of the Social Security Death Master File or similar databases for purposes of identifying potential unclaimed death benefits" as "[l]ack of guidance creates uncertainty for insurers, regulators, and consumers alike."

State regulators are not united on this issue, however, with some states favoring pursuing settlements with insurers and providing guidance in resulting settlement agreements. California and Florida, for example, have sought enforcement actions, including large settlement and fines, against life insurers for failing to pay benefits or turn over proceeds of life insurance policies to the states in compliance with state escheat laws, where no claims for benefits are made upon the death of the policy owner. Other states have mandated, in settlement agreements, the use of Social Security Death Master File to identify deceased policyholders to ensure proper handling of unclaimed death benefits.

Interested parties were invited to comment on the draft 2014 proposed charge relating to unclaimed death benefits by November 19, 2013.

It remains to be seen whether the NAIC will indeed establish guidelines relating to unclaimed death benefits. In the past, the NAIC has declined requests for such guidance, opting instead to focus on coordinating targeted multi-state examinations involving claim settlement practices of life insurance companies.

US – NAIC'S ERISA RETIREMENT INCOME (A) WORKING GROUP

The ERISA Retirement Income (A) Working Group of the NAIC's Life Insurance and Annuities (A) Committee has been tasked with working in conjunction with the NAIC Government Relations Leadership Council and representatives from various federal government agencies, including the U.S. Department of Labor ("DOL"), the White House Council of Economic Advisors and the U.S. Department of the Treasury to consider potential options for easing plan sponsor concerns with the financial soundness of annuity providers as related to the DOL annuity safe harbor plan sponsor selection of annuity provider and fiduciary responsibility requirements. A DOL advisory group has been reviewing rules under ERISA to determine whether—and if so, how—the retirement security of participants in employer-sponsored retirement plans and in individual retirement arrangements may be bolstered.

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