

**SUMMARY OF THE PRODUCT STANDARDS COMMITTEE RESPONSE TO COMMENTS
REGARDING THE SINGLE PREMIUM GROUP FIXED ANNUITY CONTRACT
UNIFORM STANDARDS FOR EMPLOYER GROUPS CURRENTLY BEING CONSIDERED BY THE
MANAGEMENT COMMITTEE**

	Standards Provision	Comment	Product Standards Committee (PSC) Response to Comments
1.	Scope	The Utah Insurance Department questioned the purpose of the second paragraph under the Scope. Since the standard is for contracts used as part of a Pension Risk Transfer (PRT), combination policies did not seem applicable.	The PSC discussed the provision and noted that the language is in other group Uniform Standards and was left as a placeholder. Companies do not currently combine PRT contracts with any other products and don't anticipate doing so in the foreseeable future. The PSC therefore recommends deleting the second paragraph in the Scope.
2.	CONTRACT PROVISIONS AMENDMENTS § 4.A(1)	Yvonne Hunter, Consumer Advisory Committee, suggested that the proposed rule require that the contractholder receive notice of the unilateral change within 30 days of the effective date of the change or when the plan administrator receives the notice of the change from the IRS.	The PSC does not recommend a change to this provision. It was noted that the language comes from other Uniform Standards and a change here would impact other changes. The referenced amendments are only allowed based on Internal Revenue Code, and the IRS dictates when any change is effective, so specific timing for notice could be problematic. Information provided to the PSC indicates that the companies provide notice of changes to the contract based on IRS requirements as soon as possible.
3.	CONTRACT PROVISIONS COMMUTATION OF ANNUITY PAYMENTS § 4.F(2)	The Utah Insurance Department asked if the provision should specify that commutation is only at the choice/request of the Annuitant or Beneficiary.	The PSC discussed the provision and industry feedback noting that generally the commutation is at the request of the annuitant or beneficiary; however, there are exceptions. Examples include a lump sum payment if the beneficiary is the estate or if the present value of remaining benefit is below a certain threshold. For this reason, the PSC does not recommend any change to this provision.
4.	CONTRACT PROVISIONS DATA REQUIRED	Tom Kilcoyne of the Pennsylvania Department of Insurance suggested	The PSC recommends the following clarifying changes to §4.H(3):

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	§ 4.H(3)	clarifying revisions to this provision to reinforce the intent of the provision and mirror state requirements.	(3) The provision may state that if the insurance company or the contractholder makes an error in the data, <u>an equitable adjustment to the premiums and/or benefits will be adjusted</u> made according to the correct data. An error will not end insurance validly in effect, nor will it continue insurance validly ended.
5.	CONTRACT PROVISIONS: EVIDENCE OF SURVIVAL § 4.L(1)	The Utah Insurance Department asked if there should be a limit on or reference to frequency of requests for evidence of survival within the contract provision.	The PSC reviewed feedback from group annuity insurers indicating that specifying frequency may be difficult because there are circumstances where there may be evidence the annuitant is deceased, so verification is required. If the annuitant does not provide such verification, payment may cease. Routine audits and evidence of death are common reasons to request evidence of survival. Based on this information, the PSC does not recommend a change.
6.	CONTRACT PROVISIONS: TERMINATION § 4.Q(1)	The Utah Insurance Department questioned whether this section should also address a situation where the Plan Sponsor and the Insurer mutually agree to terminate the agreement prior to the last payment being made	The PSC does not recommend a change to this provision. Mutually agreed upon terminations do not apply to single premium PRTs. The risk is transferred upon payment of the single premium and the insurer is responsible for benefits owed under the contract until the last payment is made.