

Agenda Item 1. Roll Call

The chair, Jason Lapham, thanked the outgoing members and welcomed the new members of the Product Standards Committee. He asked the Compact Office to provide a summary of the actions taken by the Commission to put the Emergency Rule in place.

The Compact Office provided an overview of the Emergency Rule. The Emergency rule was put in place to stay the immediate effectiveness of the amendment to Model 805. The Compact Office explained that most changes in NAIC models referenced in Insurance Compact standards are effective as of the date the Model is adopted by the NAIC. The Model 805 amendment provided an opportunity to put in place a process for amendments to referenced models. The Emergency rule is in effect until April 4, 2021 and can be extended for an additional 60 days if the Commission is still deciding how to move forward.

Agenda Item 2. Overview of the NAIC’s process and reasons for amending Section 4(B)(3) of NAIC Model Standard Nonforfeiture Law for Individual Deferred Annuities adopted by the NAIC Plenary on December 9, 2020 (“Model 805 Amendment”)

The Chair asked Reggie Mazyck of the NAIC to provide an overview of the model law process. Mr. Mazyck provided a history of the requests to modify Model 805 due to the low interest rate environment and the effects of COVID-19. He explained that the changes to Model 805 were approved by the Life Actuarial Task Force, the NAIC Life Insurance (A) Committee and then adopted by the NAIC Plenary. There were no questions regarding his presentation.

Agenda Item 3. Overview of the application of the Model 805 in the Uniform Standards

The Chair asked Katie Campbell, an actuary with the Insurance Compact, to provide an overview of the Insurance Compact review process. Ms. Campbell explained that the Compact practice has been to use the most recent version of NAIC models in reviewing filings. She described how the Compact actuaries review an actuarial memorandum that includes a demonstration that showing compliance with Model 805.

The Chair asked if there were questions. Rhode Island and Maryland asked technical questions about filing review and whether companies would need to submit new filings.

Agenda Item 4. Receive and discuss written and oral comments on when or if Model 805 Amendment should become effective for purposes of the Uniform Standards.

There was one written comment submitted by the ACLI. The Chair asked the ACLI if it wanted to comment. ACLI summarized its comment letter in support of implied Congressional consent. The Chair thanked them for the comment and stated that the legal analysis of Congressional consent was outside the purview of the Product Standards Committee.

The Chair asked if there were any other comments. Superintendent Dwyer of Rhode Island said that her concerns were about timing. She observed that no state had yet adopted the Model 805 changes. She said that members should consider the issue of incorporating NAIC models by reference in the Uniform Standards and whether there should be a consideration process before being made applicable.

She said that the Commission has not yet discussed the topic of implied consent and no decisions have been made. She said it would be better for the Commission to focus on the decision about how to implement changes to Model 805.

Texas supported Superintendent Dwyer's remarks.

Allianz asked a procedural question about extending the emergency rule. Karen Schutter said that the Commission would need to vote if it needed to extend the emergency rule.

Fred Nepple of the Consumer Advisory Committee agreed with Superintendent Dwyer's comments regarding incorporating NAIC models by reference in the Uniform Standards.

Agenda Item 5. Any Other Matters

The Chair said that the Product Standards Committee would consider the comments at its next meeting.