

**Summary of Five-Year Review Comments and PSC Recommendations
For Uniform Standards in Phases 2, 3 and 4 of the Five Year Review
August 15, 2014**

| | Uniform Standards Provision | 5-Year Review Comment | PSC Recommendation |
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| RECOMMENDED SUBSTANTIVE CHANGE ITEMS | | | |
| 1. | INDEX LINKED PAYMENT ADJUSTMENT BENEFIT STANDARDS Scope <i>(Cross-Reference to IIPRC Office Report – Substantive Change Item #1)</i> | <i>Industry Comment:</i> An industry representative requested the IIPRC expand the scope of this Standard to include individual deferred paid-up non-variable annuities that are in the income payment phase. Currently, this Standard is limited to individual immediate non-variable annuities; however the commenter stated that once payments begin there is little difference between a deferred income annuity (DIA) and an immediate non-variable annuity. At the time this Standard was initially adopted, insurers were not yet offering DIA products. Expanding the scope would allow consumers who purchase DIA's to choose an index-linked inflation protection feature in the income payment phase, in the same way it is currently available for immediate non-variable annuities. | Following discussion, public comment and review of a similar product offering approved in 51 jurisdictions, the Product Standards Committee (PSC) concluded that expanding the scope of this standard to include DIA's in the income payment phase would provide consumer options. The PSC recommends expanding the scope of the Index Linked Payment Adjustment Benefit Standard to include individual deferred paid-up non-variable annuities that are in the income payment phase. |
| RECOMMENDED CLARIFICATION ITEMS | | | |
| 1. | INDIVIUAL FLEXIBLE PREMIUM DEFERRED VARIABLE ANNUITY CONTRACT STANDARDS and INDIVIDUAL FIXED PREMIUM DEFERRED VARIABLE ANNUITY CONTRACT STANDARDS <i>(Cross-Reference to IIPRC Office Report – Clarification Item #1)</i> | <i>IIPRC Office Comments/Observations:</i> The IIPRC Office recommends repealing these two standards since they have never been used to approve a form filing and have been replaced by the more extensive Core Standards for Individual Deferred Variable Annuity Contracts. The PSC's intent was that these would be repealed once the Core Standards for Individual Deferred Variable Annuity Contracts were adopted. | The PSC recommends repealing these two standards since they are not used to approve forms and have been replaced by the more extensive Core Standards for Individual Deferred Variable Annuity Contracts. |

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| 2. | CORE STANDARDS FOR INDIVIDUAL DEFERRED VARIABLE AND NON-VARIABLE ANNUITY CONTRACTS and INDIVIDUAL IMMEDIATE VARIABLE AND NON-VARIABLE ANNUITY CONTRACT STANDARDS SECTION 2. General Form Requirements – Fairness (Cross-Reference to IIPRC Office Report – Clarification Item #2) | <i>IAC Comment:</i> The IAC requested adding "nor contain" to the Fairness provision to clarify the intent that the contract shall not contain provisions that are against public policy. | The PSC recommends adding the phrase to clarify the intent of the provision in the standard. |
| 3. | CORE STANDARDS FOR INDIVIDUAL DEFERRED VARIABLE AND NON-VARIABLE ANNUITY CONTRACTS and INDIVIDUAL IMMEDIATE VARIABLE AND NON-VARIABLE ANNUITY CONTRACT STANDARDS SECTION 3. Contract Provisions – Deferral and Valuation of Payments (Cross-Reference to IIPRC Office Report – Clarification Item #3) | <i>IIPRC Office Comments/Observations:</i> The IIPRC Office notes that in accordance with Standard Nonforfeiture Laws for Annuities, the Additional Submission Requirements in these standards require certification that the company will obtain written consent from the chief insurance regulator of the state of domicile if it exercises its contractual right to defer payments for cash surrender value or partial withdrawal. For clarity, the IIPRC Office recommends also including language regarding the requirement under Section 3 Contract Provisions - Deferral and Valuation of Payments. | The PSC recommends adding language regarding this requirement found in the Standard Nonforfeiture Laws for Annuities to Section 3 Contract Provisions - Deferral and Valuation of Payments to provide further clarity. |
| 4. | CORE STANDARDS FOR INDIVIDUAL DEFERRED NONVARIABLE AND VARIABLE ANNUITY CONTRACTS SECTION 1. Additional Submission Requirements – Actuarial Memorandum Requirements (Cross-Reference to IIPRC Office Report – Clarification Item #4) | <i>IIPRC Office Comments/Observations:</i> The IIPRC Office notes that the current provision that the maturity date shall be the later of the tenth contract anniversary or the contract anniversary following the annuitant's 70th birthday refers to exceptions under Items 3 and 7 of Appendix A. The reference should be to items 3 and 8. In addition IIPRC staff note that Appendix A is a set of Guidance not Guidelines. | The PSC recommends correcting the reference to the exceptions in Appendix A to Item 8 instead of 7 and deleting the reference to the term Guidelines to provide further clarity. |

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| 5. | <p>INDIVIDUAL IMMEDIATE NON-VARIABLE ANNUITY CONTRACT STANDARDS and INDIVIDUAL IMMEDIATE VARIABLE ANNUITY CONTRACT STANDARDS SECTION 3. Contract Provisions – Participating Contract (Cross-Reference to IIPRC Office Report – Clarification Item #5)</p> | <p><i>IIPRC Office Comments/Observations:</i> The Individual Deferred Paid-Up Non-Variable Annuity Contract Standards contain requirements that the contract describe the available dividend options including identification of the automatic option. In addition, dividends used to purchase additional income benefits are subject to the same standards as additional premium payments made after issue. The Individual Immediate Annuity Contract Standards do not contain the same provisions; however for consistency, the IIPRC requires those contracts to also meet these requirements.</p> | <p>The PSC recommends adding the provisions to the Individual Immediate Non-Variable Annuity and Individual Immediate Variable Annuity Contract Standards to clarify that these standards are subject to the same requirements as found in the Participating Contract section of the Individual Deferred Paid-Up Non-Variable Annuity Contract Standards.</p> |
| 6. | <p>ADDITIONAL STANDARDS FOR BONUS BENEFITS (FOR INDIVIDUAL DEFERRED NON-VARIABLE ANNUITIES) Scope and SECTION 1. General Form Requirements – Specifications Pages (Cross-Reference to IIPRC Office Report – Clarification Item #6)</p> | <p><i>IIPRC Office Comments/Observations:</i> On September 28, 2010 the IIPRC Office issued Filing Information Notice (FIN) 2010-2 to provide clarification on submission of product filings where the contract has a range of bonus rates varying based on premium or account values. The IIPRC Office suggests incorporating these clarifications into the Additional Standards for Bonus Benefits to assist filers and eliminate unnecessary objections.</p> | <p>The PSC recommends adding a sentence to the Scope specifically stating that products with a zero bonus are non-bonus products and not subject to these standards. The PSC further recommends clarifying that separate policy forms must be submitted when the product is being offered with bonus and non-bonus features. For variations in types of bonuses, the benefits can be shown either through different specifications pages or by submitting separate policy forms.</p> |
| 7. | <p>STANDARDS FOR INDEX-LINKED CREDITING FEATURE FOR DEFERRED NON-VARIABLE ANNUITIES Title, Scope, SECTION 1. Additional Submission Requirements– General, SECTION 3 Contract Provisions – Amendments (Cross-Reference to IIPRC Office Report – Clarification Item #7)</p> | <p><i>IAC Comment:</i> The IAC recommends changes to this standard to clarify the original intent that the standard is applicable to both non-variable annuities and the general account portion of variable annuities. These are the same changes that were made to the Additional Standards for Index-Linked Crediting Benefit Features for Individual Adjustable Life Policies effective June 25, 2009.</p> | <p>The PSC recommends that the title and scope of the standard be amended to clarify that the standard also applies to the General Account Portion of Individual Deferred Variable Annuity Contracts. The PSC further recommends changes to the Contract provisions section of the standard to conform to the language in the Additional Standards for Index-Linked Crediting Benefit Features for Individual Adjustable Life Policies.</p> |
| 8. | <p>STANDARDS FOR INDEX-LINKED CREDITING FEATURE FOR</p> | <p><i>IAC Comment:</i> The IAC suggested revisions to the language in the appendix to make the wording more</p> | <p>The PSC recommends revising the Appendix to use terminology referenced within the standard to provide</p> |

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| | DEFERRED NON-VARIABLE ANNUITIES Appendix (Cross-Reference to IIPRC Office Report – Clarification Item #8) | consistent with other parts of the standard. | further clarity. |
| 9. | CORE STANDARDS FOR INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACTS and INDIVIDUAL IMMEDIATE VARIABLE ANNUITY CONTRACT STANDARDS Definitions, SECTION 1. Additional Submission Requirements and SECTION 3 - Contract Provisions – Separate Accounts (Cross-Reference to IIPRC Office Report – Clarification Item #11) | <i>IIPRC Office Comments/Observations:</i> In December of 2011, the IIPRC office issued Filing Information Notice 2011-1 to provide clarification that the investment performance of assets of the separate account for a variable annuity product must be allocated directly to the benefit option through the incorporation of unit-linked contract values and to require that all new variable annuity product filings with separate accounts include a statement that the separate accounts underlying the filing comply with or have been authorized by the State of Domicile. The IIPRC Office recommends incorporating this information into the standards to provide further clarity. | The PSC recommends clarifying the variable annuity standards by specifying in the definition of “Account Value” that fixed interest options are a part of the general account and the investment performance of separate accounts must be allocated directly to the benefit option through unit-linked contract values. The PSC also recommends adding the required statement that the separate accounts comply with the requirements of the State of Domicile to the Additional Submission Requirements and adding a statement to the Contract Provisions for Separate Accounts requiring, when applicable, that the contract shall include a provision that the domiciliary state requires the separate accounts to be insulated. |
| ITEMS RAISED BUT NOT RECOMMENDED | | | |
| 1. | STANDARDS FOR FORMS USED TO PROVIDE TAX QUALIFIED PLAN PROVISIONS FOR INDIVIDUAL LIFE INSURANCE POLICIES and STANDARDS FOR FORMS USED TO PROVIDE TAX QUALIFIED PLAN PROVISIONS FOR INDIVIDUAL ANNUITY CONTRACTS SECTION 1. Additional Submission Requirements – Variability of Information | <i>IAC Comment:</i> The IAC notes that there are several tax code sections that share the same requirements, and it should not be necessary to file different policies or riders, amendments or endorsements to accommodate each tax code section. The IAC believes that the intent of the provision was to say that the company shall file tax qualified plan provisions on a specific basis, only when the provision is specific to a specified tax code section, and when each filing accommodates only such specified tax code section. When qualified plan provisions are applicable to more than one specific | The PSC recommends no change to the existing provision. The proposed revision would only apply if the language was identical except for the tax code reference that is applicable to the form. The company could then use the same form, except the tax code reference included in the form would be variable. At the request of the PSC, the IIPRC Office reviewed approved tax-qualified forms and was not able to find examples that would fit the need for this request. Following a request to the IAC to provide specific examples where this change would apply, the IAC asked that this request be withdrawn. |

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| | <i>(Cross-Reference to IIPRC Office Report – Clarification Item #9)</i> | tax code section, the company shall identify the applicable tax code sections in the Statement of Variability. | |
| 2. | <p>STANDARDS FOR FORMS USED TO PROVIDE TAX QUALIFIED PLAN PROVISIONS FOR INDIVIDUAL LIFE INSURANCE POLICIES and STANDARDS FOR FORMS USED TO PROVIDE TAX QUALIFIED PLAN PROVISIONS FOR INDIVIDUAL ANNUITY CONTRACTS</p> <p>SECTION 2. Benefit Provisions – Requirements for Tax Qualified Plan Provisions</p> <p><i>(Cross-Reference to IIPRC Office Report – Clarification Item #10)</i></p> | <p><i>IAC Comment:</i> The provisions in the standard state that the form shall specify the tax code and relevant sections requiring the tax qualified plan provisions. The IAC suggests that because there are several tax code sections that share the same requirements, it would be beneficial to revise this provision to clarify that the intent is only to require this provision if the form is only applicable to a specified tax code section.</p> | <p>The PSC recommends no change to the existing provision. Similar to the IAC’s request to change the Variability of Information provisions so the company could use the same form if only the tax code reference was changed, the PSC was unable to find examples that would fit the need for this request. Following a request to the IAC to provide specific examples where this change would apply, the IAC asked that this request be withdrawn.</p> |