

DATE: April 25, 2007
TO: IIPRC Management Committee
FROM: IIPRC Industry Advisory Committee
SUBJECT: Comments on Individual Immediate Non-Variable Annuity Contract Standards

The IIPRC Industry Advisory Committee comments on the Individual Immediate Non-Variable Annuity Contract Standards follow:

ANNUITY PURCHASE RATES FOR ANY PREMIUMS PAID AFTER ISSUE

This section provides that when a policy owner purchases additional annuity benefits, the additional benefits must be based on the annuity option in effect under the contract. For many policy owners, this may not be the best option for them at that time. In order to provide a contract owner with more flexibility, we believe that the standard should be modified to allow a company the option to permit the election of a different annuity option with respect to each additional premium payment.

We therefore suggest the following changes to this section:

- “(1) If the contract allows premium payments after issue to be used to purchase additional annuity benefits, the contract shall provide for the following:
- (a) The annuity purchase rates used for such additional benefits will be based on the annuity option in effect (or, if the contract offers alternative options, on the annuity option elected in connection with the additional premium payment, if different), the attained age of the annuitant, and the company’s then current annuity purchase rates, subject to the guarantees provided in the contract; and
 - (b) Within 30 days of receipt of an additional premium payment, the company will provide to the owner written confirmation stating the amount of the premium paid, the amount and other terms of the additional annuity benefit purchased, and the total annuity benefit payable.”

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