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Sent: Wednesday, November 13, 2019 10:23 AM
To: Narcini, Anne Marie <ANarcini@insurancecompact.org>
Cc: Mealer, Mary <mary.mealer@insurance.mo.gov>; Schutter, Karen <KSchutter@insurancecompact.org>; Gray, Tracie <tgray@pa.gov>
Subject: RE: comments (and technical edits) - Waiver of Surrender Charge Benefit

Anne Marie:

The first two items immediately below are strictly technical edits, eliminating "deferred" and changing "annuitant or owner" to "insured" (2 occurrences) consistent with the rest of the standard.

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1. **Scope:** These standards apply to waiver of surrender charge benefits ("waiver benefits" or "waiver benefit") that are built into individual ~~deferred~~ variable and non-variable life insurance policies or added to such policies by rider, endorsement or amendment.
 2. **§ 3 A. (3)(d)** The insured is determined to have a total and permanent disability that prevents the ~~annuitant or owner~~ insured from performing any work for pay or profit for a period of time. The period of time shall not be longer than 12 months. The waiver benefit form shall not include a requirement that the ~~annuitant or owner~~ insured be eligible for Social Security benefits.
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A third item below is a suggestion for PSC discussion purposes that is intended to ensure flexibility and enhance clarity, but I may be missing some nuance in the original language.

§ 3 A. (2)(a) Upon surrender of amounts ~~totaling up to X% of the~~ determined according to a percentage of a specified policy value ~~or policy premiums~~;

Regarding **§ 3 (2)(c)**, I think the choice is between striking the item or reworking it if there is something analogous contemplated on the life side. For example, would there be any value in a trigger based on account value in excess of the cost basis? I really don't know if an analogous trigger would be desirable, but I can't envision a trigger based on cumulative interest credits on the life side.

Regarding **D (2)**, you are correct. If a form was filed with such a restriction, and the standard was silent, would the reviewer have to wrestle with whether the restriction was "unfair" or whether disallowance was implied under (2)(a)? I suspect there would be differences of opinion among regulators, but I also recognize that some gray areas are unavoidable.

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