

Agenda Item 2. Hear a status update on the PSC recommendation to the Management Committee to add a Death Benefit Proceeds Provision to the Core Annuity Uniform Standards.

Mary Mealer, Chair of the Product Standards Committee (PSC), reminded the members that on the prior member call, the PSC agreed to recommend to the Management Committee that the core annuity standards be amended to add a provision, similar to that found in the Life standards, setting forth the requirements for when death benefit proceeds are paid and when interest is required for annuity products. The Management Committee and Compact Commission had a joint call on June 26th, and the Management Committee accepted the PSC's recommendation. The proposed amendments will be published for a 60-day comment period.

Agenda Item 3. Discuss and finalize the initial draft of the Additional Standard for Incidental and/or Ancillary Benefit Features for Life Insurance Products.

The Insurance Compact staff provided an overview of the revisions that were made to the draft Additional Standard for Incidental and/or Ancillary Benefit Features for Life Insurance Products based on Committee feedback as well as the summary of some of the types of life insurance benefit feature requests received by the Insurance Compact for which there currently are no standards. Several Committee members questioned the provision under ancillary benefits that the aggregate value of all ancillary benefits provided by the policy shall be less than or equal to 10% of the policy death benefit. Some members expressed concern that 10% was too high and questions were also raised regarding how to determine the value of benefits. Other members also expressed reservations regarding some of the benefits that may come under the definition of ancillary benefit, specifically if the benefit is a non-insurance benefit. In some cases with the examples, it was difficult to determine how the benefit related to the base insurance product.

Following discussion, the PSC agreed to expose the draft as it is and seek public comment on these issues before making any further decisions.

Agenda Item 4. Review any questions regarding the initial draft of the IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 8 – Individual Disability Income Insurance).

The Chair asked if there were any questions regarding the initial draft of the IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 8 – Individual Disability Income Insurance). The members had no specific questions, but agreed that many of the suggested revisions proposed by the Industry Advisory Committee (IAC) appeared to go beyond the normal Five-Year Review parameters and seemed more of a rewrite of the Standards for Individual Disability Income Insurance Policies. The Committee agreed to expose the report and to ask for further explanation of why these changes were needed as well as how they fall within the scope of the Five-Year Review during the public call on July 11th.

Agenda Item 5. Any Other Matters

The Chair noted that the two drafts would be distributed for public comment and that the next call would be a Public call on July 11th to seek comment on both the initial draft of the Additional Standard for Incidental and/or Ancillary Benefit Features for Life Insurance Products as well as the Phase 8 Five-Year Review initial report.