

Agenda Item 2. Review and discuss suggested prioritization of requested development of/or amendments to individual annuity Uniform Standards

Roger Stefani, Vice-Chair of the Product Standards Committee (PSC) noted that the purpose of the call was to continue discussion of the gap analysis for individual life and annuity uniform standards. On this call the PSC will focus on the chart listing the Compact Office's suggestions on prioritization of the requests related to the individual annuity uniform standards.

Karen Schutter provided an overview of the items in the annuity priority chart. She noted that the first three items should be considered high priority and worked on together, as they share common features including indexed allocation with funds in a non-unitized account. If the PSC moves forward with a review of developing standards for these products, the Compact Office suggests a referral to the Actuarial Working Group for input. Tomasz Serbinowski of Utah noted that while he had no concerns with the priority, he believes the challenge will be how states treat these products and whether they are considered variable or non-variable. Since the states still regulate the marketing and sales, some states may require variable authority and others may not.

For Item 6, the request for accelerated death benefits for variable and non-variable annuities, Mr. Serbinowski questioned the need for such a product. He asked if this was a case where the death benefit is significantly higher than the account value. Indiana indicated that on the last public call, industry responded that it would be higher. Utah noted that it was unclear why such a product would be considered, noting that restrictions were added to the Guaranteed Minimum Death Benefit standards to limit the death benefit, and that accelerated death benefit for life products are often less than the full death benefit. It was agreed that this was a question to raise for the Public Call on July 17th.

Agenda Item 3 - Any other Matters. The Vice-Chair reminded the Committee that the PSC will have a Public Call on July 17th to get feedback on the final recommendations on the IDI amendments as well as the plan to address requests to develop new or amended standards to fill the gaps in individual life and annuity products.