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Interstate Insurance Product Regulation Commission (IIPRC)
444 North Capitol Street, NW
Hall of the States, Suite 700
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RE: Draft Group Fixed Annuity Contract Uniform Standards for Employer Groups

Members of the Product Standards Committee:

The American Council of Life Insurers (“ACLI”) does not have any comments on the second draft of *Group Whole Life Policy and Certificate Uniform Standards for Employer Groups*.) However, we would like to provide the following comments on the initial draft of *Group Fixed Annuity Contract Uniform Standards for Employer Groups*.

We suggest that the draft standards be modified so they more clearly accommodate pension risk transfer buy-in transactions. Buy-in contracts are an emerging and significant portion of the PRT market today, and the underlying risks assumed by the insurer in a PRT buy-in contract are aligned with those in the more traditional PRT buy-out. Given that, we would recommend the following adjustments:

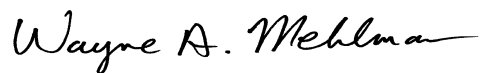
1. Add the following clarifying text to the Scope provision:

- *Notwithstanding anything herein to the contrary, pension risk transfers effected pursuant to these uniform standards may include either (i) buy-out contracts, in which there is a final settlement and transfer of pension liability for specified plan participants to an insurance company or (ii) buy-in contracts, that are held as an asset of a defined benefit pension plan, pursuant to which an insurance company provides annuity payments to the pension plan to support the benefits of specified plan participants. In the case of a buy-in contract, defined terms such as Annuitant, Contingent Annuitant, Deferred Annuitant and Joint Annuitant, as used herein, will refer to the applicable plan participant whose benefit is covered under such buy-in contract, with the understanding that (unless and until such buy-in contract is converted to a buy-out contract), the plan will continue to be responsible for the pension benefit for any such individual and all annuity payments under the buy-in contract will be payable to the plan (and not to any individual plan participant).*

2. Revise the definition of Pension Risk Transfer as follows: “*Pension Risk Transfer*” - *when a defined-benefit pension provider purchases a group annuity contract from an insurance company in exchange for a premium payment, in respect of ~~transfers~~ some or all of its liability for ~~to pay~~ pension benefits to plan participants ~~to an insurance company in exchange for a lump sum payment.~~*”
3. Modify Section 2(A)(6) as follows: “*For Pension Risk Transfer contracts, the contract shall include the amount of the single or initial premium paid, information on data finalization dates if applicable, the type of payment (e.g. cash or cash equivalents, securities or a combination of cash and securities), and the date upon which the ~~risk to pay the benefits is transferred to the~~ insurance company assumes responsibility for the annuity payments under such contract.*”
4. Modify Section B(8) as follows since the sequencing of when the insurer and contractholder execute the contract may differ by insurer: “*The contract cover page or first page may include the contractholder ~~counter~~signature in lieu of an application. If such ~~a counter~~signature is used, the date signed, printed name of authorized signer and their title shall be included with the authorized signature.*”

Thanks for this opportunity to provide comments. If you have any questions, feel free to contact me at waynemehlman@acli.com or 202-624-2135.

Sincerely,



Wayne Mehlman
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