

**Agenda Item 2. Review and discuss the Single Premium Group Fixed Annuity Contract Uniform Standards draft.**

Mary Mealer, MO, Chair of the Product Standards Committee (PSC) noted that the Compact office distributed the draft of the *Single Premium Group Fixed Annuity Contract Uniform Standards* for public comment and it is posted to the Compact's Docket under the heading Uniform Standards under construction. The PSC plans to have a public call, most likely on October 30th and this will be an item for discussion on that call.

The Insurance Compact staff began a section by section review of the initial draft with the goal to provide initial member feedback on the draft and to determine any specific questions that the PSC may have for group annuity insurers. The following issues were identified:

- Under the Scope, a member noted that his state has seen contracts where it appeared funds are held in a separate account; however, that account is backed by the general account, and that they preferred clarifying the Scope to clarify that funds held in the separate account are backed by investments of the separate account.
- Under Mix and Match, the members noted that other than the application and certificate, they are unaware of any added benefits via riders or separate forms for these types of products and that if there were such products, there would be a disconnect if the contract was filed with the Compact and the rider with the state or vice versa. The Compact staff noted that during discussions with industry representatives, the focus was on the application and certificate and suggested that asking about other benefit features for these products would be helpful during the public call.
- Under § 1A(8) a member suggested adding language that any innovative or unique features satisfy the Fairness provisions of the standards.
- Under § 1A(9) the Committee considered whether specifying if the annuities purchased under the contract are sex distinct or unisex was applicable for group annuities. The Compact staff noted that the group annuity writers had also expressed concerns that it is possible to have both scenarios under one contract, and they questioned the applicability of this provision as well. Following discussion, the Committee concluded that absent a clear reason to include the provision, it could be stricken.
- Under § 1B(1) a member suggested adding language that the company has made the domestic financial regulator aware of the activity.

The discussion ended at the end of § 1 and will resume with § 2 General Form Requirements.

**Agenda Item 3. Review and discuss the proposed amendments to the *Additional Standards for Overloan Protection Benefits* to include whole life products.**

The Chair stated that this uniform standard is the first of the standards being considered for amendment as a result of the priority list for Uniform Standard development that was submitted to the Management Committee. The Management Committee recently approved the recommendations for the priorities for considering development of new or amended individual life and annuity standards. Over the coming

weeks, the PSC will focus on the items that were labeled high priority for the individual life products and then move to the high priority items for individual annuity

The Chair noted that one of the items on the high priority list was to expand the scope of the Overloan Protection standards to include Whole Life products. The Compact staff started with the amendment to the Scope of this standard, and she suggested that the PSC review those changes as well as discuss other areas of the standard that may need revision.

There were no issues or concerns identified with the general concept of expanding the *Additional Standards for Overloan Protection Benefits* to include whole life products. The Insurance Compact staff began a section by section review of the uniform standard to identify areas requiring amendments and the Committee considered feedback from the Compact office as well as Pennsylvania. The Compact office will prepare a draft encompassing all the areas identified during discussion for the PSC to review on the next call. Once reviewed, the proposal will be distributed for comment and considered on the agenda for the next PSC public call.

**Agenda Item 4 - Any other Matters.** The Chair stated that the next PSC member call will be October 16<sup>th</sup> to continue discussion of these items.