

PSC Draft Recommendation for Prioritization of Uniform Standards Development for 2024
6/30-2023 DRAFT -For consideration by the PSC

Product Line	Uniform Standard Request	Description of Request	Reason / Explanation	New or Amend	Requestor
Individual Life	Standards for Accidental Death Benefits and Additional Standards for Accidental Death and Dismemberment Benefits	The Compact Office requests the Commission amend these Uniform Standards to explicitly address the ratio of accidental death benefit (and/or accidental death and dismemberment) amount to the all-cause death benefit. Without explicit guidance, the Compact Office interprets that the life insurance all cause benefit is illusory under the Fairness provision if the accidental death benefit (and/or accidental death and dismemberment) exceeds three times the amount of the life insurance death benefit. The Compact Office has examples of pre-filing communications and product filing submissions where the amount of accidental death benefit is a multiple of more than three times the all-cause death benefit such as \$10,000 life insurance policy with a \$100,000 accidental death benefit rider. A provision addressing the appropriate ratio could be added to the Benefits section of these respective Uniform Standards and provide explicit guidance for the Compact Office and company filers.	This amendment will provide more transparency to members and filers as to the explicit requirement for the ratio of individual accidental death benefits and accidental death and dismemberment benefits to individual all-cause death benefit.	Amend	Compact Office
Individual Life	New	Compact Office: In consultation with the Compact Officers, the Compact Office requests the Commission develop a Uniform Standards for requirements for	During the Compact Roundtables, industry representatives raised the desire to file more specific	New	Compact Office ACLI

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		<p>non-insurance benefits, commonly-referred to as value-added services to be added to an individual life insurance policy by rider, endorsement or amendment or by incorporation into a policy form. This Uniform Standard would cover requirements for forms that provide voluntary access to various goods and services as a benefit of owning a policy, such as participation in a smoking cessation program. The Compact has approved no-charge generically-described value-added services for use with Compact products only, nominally using the Additional Standards for All Benefit Features while recognizing the benefits are not insurance and are subject to unfair trade practices in states.</p> <p>ACLI: We request that the Compact develop new uniform standards for value-added services (VAS), preferably as a stand-alone standard that could be applied to any product, including life insurance, disability income insurance and group insurance. VAS does not include "wellness benefits" that are considered essential health benefits under the Affordable Care Act.</p>	<p>value-added services benefits with the Compact to be used with their products. Having specific Uniform Standards for value-added benefits—both those that do affect policy values like a credit or premium discount, and those that do not affect policy values—could reduce mix and match and the filing of basic life or annuity products with the states.</p> <p>ACLI: As the number of insurance policies being sold with VAS increases, there is an increasing need for the development of a set of uniform standards for VAS.</p> <p>We believe that VAS are allowed in all states, although states are inconsistent as to whether or not (and under what circumstances) they have to be disclosed in, or made part of, the policy. The NAIC's Uniform Unfair Trade Practices Act was recently</p>		

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			amended to explicitly allow for VAS to be offered without being disclosed in the policy, provided they fall into one of several enumerated buckets and also adherence to several other requirements.		
New	Standalone Individual Accidental Death Benefit Standard and Standalone Individual Accidental Death and Dismemberment Benefit Standard	In consultation with the Compact Officers, the Compact Office requests the Commission develop two new Uniform Standards. A Uniform Standard for standalone accidental death benefit and a Uniform Standard for standalone accidental death and dismemberment benefit. Compacting States accept these products which are commonly referred to as “supplemental products”. While some Compacting States treat these as health products for purposes of SERFF intake and form review, life insurance companies sell these products in the event of death or disability from an accident.	During the Compact Roundtables, industry representatives as well as some Compacting States requested these Uniform Standards to cover products that are issued separately from an all-cause life insurance or disability income policy.	New	Compact Office
All individual Life	All individual Life Standards	We request that the Compact amend the existing individual life insurance policy uniform standards to address the mailing of payments for life insurance products.	The existing standards for individual life insurance policies contain a provision requiring that insurers give their policyholders until the last day of the grace period to “postmark” their payment (as opposed to having it be received at the insurer’s office by the last day). However, vendors in the	Amend	ACLI

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			industry typically do not actually save or scan envelopes, given the technology used to quickly open and process payments. The standards appear to be outdated; therefore, we request the Compact to amend them accordingly in order to address this issue.		
Individual Life	Indexed-Linked Individual Adjustable Life or Additional Standards for Index-Linked Crediting Benefit Features for Individual Adjustable Life Policies	We request that the Compact develop new uniform standards or amend the existing “Additional Standards for Index-Linked Crediting Benefit Features for Individual Adjustable Life Policies”, to provide for registered index-linked individual universal life products. The standards should contemplate allowing for interim value calculations for index-linked investment options, indexed strategies which may be subject to investment loss, and include caps, participation rates, spreads, a floor and/or buffer, allowing assets that support the indexed strategies to be held in non-unitized, non-insulated separate account(s).	Registered indexed-linked products are becoming more prominent in the life insurance and annuity markets. These products have been approved in a majority of states, with Oregon being the exception. Compact standards would help companies provide uniform administration while enhancing speed-to-market.	New or Amend	ACLI
Individual Annuity	Individual Deferred paid-up non-variable annuity contract	We request that the Compact amend the existing standards for individual deferred paid-up non-variable annuities (commonly	There is one aspect of the existing standards for individual deferred paid-up non-variable annuities relating to	Amend	ACLI

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		<p>marketed as “deferred income annuities” and “longevity annuities”) to allow the division of annuitants into par and non-par classes to apply to both the initial premium requirements of Section 1.B.(1)(g) and the additional premium requirements of Section 3.B.(1)(c)(i).</p>	<p>participating deferred income annuities (DIAs) that needs to be amended. It involves an inconsistency between the actuarial certification required in Section 1.B.1.(g) and the statement in Section 3.B.(1)(c)(i) that “annuitants of annuity contracts that are not expected to pay dividends shall be considered a separate class from annuitants of annuity contracts that are expected to pay dividends”.</p> <p>The actuarial certification applies to the initial premium and requires that, in lieu of a nonforfeiture demonstration, the issuer certify that the income benefit purchased by a DIA contract be greater than the income benefit available through any fixed deferred annuity that the insurer offers that has a cash surrender value during deferral.</p> <p>Section 3.B.(1)(c)(i) requires a similar comparison for additional premiums, but states that the comparison should only be made between annuities of the same class – par or non-par. It says that the income purchased with an additional premium must be at least as</p>		

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			<p>much as the income purchased with the initial premium for a new DIA contract offered by the insurer on the same day. This comparison acknowledges that it is acceptable to offer a participating income annuity with lower guaranteed income than a non-participating income annuity.</p> <p>We, therefore, ask that the Compact add the par/non-par distinction to the actuarial certification. To be meaningful, the division of annuitants into par and non-par classes should apply to both the initial premium requirements (Section 1.B.(1)(g)) and the additional premium requirements (Section 3.B.(1)).</p>		
Individual Deferred Variable Annuities	Additional Standards For Guaranteed Living Benefits For Individual Deferred Variable Annuities	<p>Compact Office: Amendments to the calculation of the initial benefit base for guaranteed minimum accumulation benefit (gmab) features under the “ADDITIONAL STANDARDS FOR GUARANTEED LIVING BENEFITS FOR INDIVIDUAL DEFERRED VARIABLE ANNUITIES”.</p> <p>ACLI: We request that the Compact amend the existing standards for guaranteed living benefits (GLBs) for individual deferred variable annuities to</p>	Compact Office: Uniform Standards require that the initial benefit base equal at least 100% of initial premium or account value, if the benefit is added after contract issue. States do not have this same limitation on the initial guaranteed benefit base and approve less than 100% of initial premium or account value, as applicable. Any guarantee associated with a variable annuity product is a benefit, even in cases where the initial	Amend	Compact Office ACLI

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		allow for a guaranteed benefit base that is less than 100% at issue.	<p>benefit base is less than 100% of initial premium or account value, as applicable. To accommodate more products and be consistent with state approved product features, recommend amending these Standards with regards to the calculation of the initial benefit base to permit an initial benefit base less than 100% of initial premium or account value, as applicable.</p> <p>ACLI: Currently, the requirements for the value of the guaranteed benefit base for a GLB benefit included at contract issue must be equal to the initial premium payment. While the existing standards allow for the guaranteed benefit base to be subsequently increased or decreased based on specified criteria, the requirement that the GLB benefit equal the initial premium payment at issue prevents insurers from offering a guaranteed benefit base that is less than 100% at issue.</p>		
New	New	We request that the Compact develop new uniform standards for ancillary/incidental benefits. These benefits do not include HIPAA-accepted supplemental benefits	As the number of insurance policies being sold with ancillary and incidental benefits increases, along with the number of states that are	New	ACLI

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		such as specified disease, hospital indemnity, accident-only, dental, vision and Medicare supplement	allowing them to be filed, there is an increasing need for the development of a set of uniform standards for ancillary and incidental benefits.		