

Product Standards Committee (PSC)  
Call Summary  
July 11, 2023

**Agenda Item 2:** Discussion on the Index-Linked Variable Annuity Uniform Standard subgroup request that the Commission provide direction on interim value approach, i.e., can the standards accommodate materially consistent approaches

Karen Schutter said the subgroup has worked through all of the comments from industry. They have prepared a new draft and a document summarizing the changes along with some questions for industry. The revised draft includes the hypothetical portfolio methodology only. She said there is an issue regarding other methodologies to calculate interim values. The compact officers asked that this issue be brought to the Commissioners to provide guidance to the PSC and the subgroup. The Compact Office is preparing a briefing document. Utah asked if the PSC members can see the briefing document and have an opportunity to comment. There was discussion about what would be acceptable for other methodologies and the lack of a definition for materially consistent. The Commissioners might send the question back to the PSC and there is no guarantee as to how long it will take to get agreement. Karen Schutter said the draft will be shared with the PSC and the subgroup. Jason Lapham said that the PSC can discuss further on the July 25 call.

**Agenda Item 3.** Review requests for new or amended standards and schedule public call.

Jason asked the Compact Office to discuss its requests for new and amended standards. Becky McElduff discussed the request to limit the accidental death benefit to three times the all-cause benefit in a life insurance policy. Andria Seip asked how the Compact Office arrived at this ratio. Becky said they reviewed filings submitted to the compact and noted that this was the most common provision.

The next request was to create a uniform standard for value added services. This request came out of the round tables. The compact officers asked the Compact Office to draft the request. Karen Schutter said the new uniform standard may address some mix and match issues.

Becky commented that these types of services are referenced in the revisions to the NAIC Model Unfair Trade Practices Act. The Compact Office has had some requests that have been approved but only for use with compact-approved products. She said the wording was very generic. Washington said they had examples filed and had concerns about how the value-added services incited behavioral change. He gave the example of an Amazon prime membership. There was discussion about the intersection of marketing that would still be subject to state laws and outside the scope of the compact.

The request for standalone accidental death and accidental death and dismemberment uniform standards also came out of the roundtables. Washington asked what standards would apply. In

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Washington accidental death is a life line of business while accidental death and dismemberment is a health line of business. Karen indicated the officers had the same view of these products and wanted to bring them forward for discussion.

The final Compact Office request was to amend the *Additional Standards For Guaranteed Living Benefits For Individual Deferred Variable Annuities* to permit an initial benefit base of less than 100% of the initial premium or account value, as applicable. There were no questions. Jason Lapham said the PSC will review the other requests on the next call. A public call to receive comments will be scheduled for August 29.

**Agenda Item 4.** Review group term life insurance draft and discuss plan for amending group standards for non-employer groups

There was a brief discussion about how to approach the non-employer group uniform standards. Jason Lapham asked the members to consider a subgroup to draft the standards beginning with group term life insurance.

**Agenda Item 5. Any Other Matters**

Jason Lapham said the next meeting of the PSC will be a regulator-only call on July 25. He noted that the starting time will be adjusted to 1:00 ET, 12:00 CT, 11:00 MT and 10:00 PT so it does not conflict with the Speed to Market Working Group Call. There were no other matters.