Request for New Uniform Standards or Changes to Uniform Standards

Pursuant to §119 of the Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission

Please note that requests for changes to the Uniform Standards submitted by June 30 will be reviewed by the Product Standards Committee (PSC) and assigned a priority in accordance with their procedures and schedule. A public call will be scheduled to discuss the requests after July 1 each year. The PSC will recommend priorities for the following year to the Management Committee for their consideration.

* Required

1. Name of Person Requesting Change: *

> American Council of Life Insurers (ACLI)

2. Affiliation *

- ☑ Industry Advisory Committee

- ☐ Consumer Advisory Committee

- ☐ Regulator

- ☐ Legislator

- ☐ Other Interested Party

3. Contact Email *

waynemehlman@acli.com

4. Contact Phone Number *

202-624-2135

5. Request is For *

☐ New Standard

☑ Amendment to Existing Standard

6. Section and subsection(s) of Uniform Standard if applicable:

IIPRC-A02-I-LONG

7. Detailed description of the request, including the scope if a new Uniform Standard, and if appropriate also include proposed language consideration. *

We request that the Compact amend the existing standards for individual deferred paid-up non-variable annuities (commonly 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).

8. Detailed explanation of the reason for the request. If a new Uniform Standard, please provide support that this type of product has been filed and approved in Compacting States. If an amendment to an existing Uniform Standards, please provide support for how circumstances or underlying assumptions (whether in regulation, in the marketplace or otherwise) have changed. *

There is one aspect of the existing standards for individual deferred paid-up non-variable annuities relating to 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".

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.

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 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.

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)).

9. Is this change currently accepted in Compact states? *

☐ Accepted in All Compact Member States

☐ Accepted in Most Compact Member States

☐ Not Accepted in Compact Member States

☑ Unknown

10. If accepted in the majority of Compact states, indicate states that do not permit this provision.

11. Would this change conflict with any NAIC Model laws or regulations? *

☐ Yes

☐ No

☑ Unknown

12. If yes, identify NAIC Model Law or Regulation.