



DATE: November 9, 2023

TO: Management Committee

FROM: Product Standards Committee

RE: PSC Recommendation for Prioritization of Uniform Standards Development for 2024

The Product Standards Committee submits its recommendation for the prioritization of Uniform Standards Development. This process allows input by Commissioners, regulators, and legislators, consumer representatives, insurers, the Legislative Committee, Consumer Advisory Committee, the Industry Advisory Committee, other interested parties, or the Compact Office.

By formalizing an annual process, the Compact members can determine if the prioritization of Uniform Standards development is aligned with the organization's strategic initiatives and incorporate with budget planning if there are implications to the operating revenues or expenses of the organization.

The Uniform Standards Identification List for 2024 Prioritization (2024 Identification List) was compiled in early July based on Uniform Standards Development requests submitted by June 30, 2023, along with the Uniform Standards remaining for development from the 2023 Uniform Standards Prioritization list.

The Product Standards Committee (PSC) held public calls on August 29, 2023, and October 17, 2023, to receive comments and feedback to assist in the prioritization of the Uniform Standards on the 2024 Identification List. The PSC reviewed the comments from the public calls and prepared prioritization of the Uniform Standards for development in 2024 by very high, high, medium, low, and remove. The PSC also noted where further research and discussion on the item is needed before drafting the requested standard.

Please contact Jason Lapham of the Colorado Division of Insurance, Chair of the Product Standards Committee, or Susan Ezalarab, the Compact Office's Regulatory Coordinator Consultant if there are questions.

Requests For Uniform Standards Development for 2024
11-9-2023 DRAFT -For consideration by the Management Committee

Product Line	Uniform Standard Request	Requesting Party	Description of Request	Reason / Explanation	New or Amend	Recommended Priority
Individual Life	Standards for Accidental Death Benefits and Additional Standards for Accidental Death and Dismemberment Benefits	Compact Office	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. 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	HIGH. Effort should be minimal and easy to incorporate in PSC workload.
Standard to apply to all product lines	New uniform standard for Value-Added Services	Compact Office	<p>Compact Office: In consultation with the Compact Officers, and discussed during Compact Roundtables, the Compact Office requests the Commission develop Uniform Standards for requirements for 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. 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.</p>	<p>During the Compact Roundtables, industry representatives raised the desire to file more specific 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. The NAIC's Uniform Unfair Trade Practices Act was recently 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.</p>	New	HIGH: The PSC suggests surveying the states on their laws and types of value-added services allowed before making a recommendation to and getting guidance from the Mgmt Comm to commence drafting a Uniform Standard.

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Individual Life	Standalone Individual Accidental Death Benefit Standard	Compact Office	In consultation with the Compact Officers, the Compact Office requests the Commission develop a new Uniform Standard for Standalone Accidental Death Benefit	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	VERY HIGH: This work can be based on Models and the current Uniform Standards so may not take a significant effort.
Individual Disability Income	Individual Accidental Death and Dismemberment Benefit Standard	Compact Office	In consultation with the Compact Officers, the Compact Office requests the Commission develop a new Uniform Standard for Standalone Accidental Death and Dismemberment Benefit.	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	VERY HIGH: This work can be based on Models and the current Uniform Standards so may not take a significant effort.
All individual Life	All individual Life Standards	ACLI	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 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.	Amend	REMOVE: This request is to change the wording of the Uniform Standard to deviate from the Model and state law. It is also an issue that has been raised on past five-year reviews.

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Individual Life	Registered Indexed-Linked Variable Life	ACLI, several companies and Compacting States	New Uniform Standard for Index-Linked Life Products. These products are similar to their counterparts on the annuities side.	Companies have been asking to file these products, but the current Uniform Standards restrict products to unit-linked.	New	VERY HIGH: PSC recommends waiting until ILVA Standards are adopted before starting on this standard.
Individual Life	Indexed-Linked Individual Adjustable Life or Additional Standards for Index-Linked Crediting Benefit Features for Individual Adjustable Life Policies	ACLI	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.	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	VERY HIGH: PSC recommends waiting until ILVA Standards are adopted and drafting at same time as ILVA requested above.
Individual Life	Individual Flexible Premium Adjustable Life Insurance Policy Standards and Individual Flexible Adjustable Variable Life Insurance Policy Standards	Compact Office	Amendments to provide guidance on several actuarial issues	The Compact Office recommends guidance and clarifications to these Flexible Premium Adjustable Standard to address questions and concerns that have arisen during the Actuarial review of these products.	Amend	MEDIUM: These are clarification amendments to provide more detail in the Standards for Actuarial requirements. These may be able to start at the AWG while the PSC does other standards work.

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Individual Products (Applications)	Amend Variability of Policy Form Provisions to Accommodate Agile Systems and Digital / Electronic Delivery	Pacific Life Corebridge Financial	On Prioritization List since 2018	2018 Prioritization List approved by Management Committee but not yet addressed.	Amend	REMOVE: Compact Office contacted requester for more information but has not received a response
Group Life	Additional Standards for Graded Death Benefit Group Term Life	New York Life ACLI Corebridge Financial	New product standards for Graded Death Benefit Features for Group Term Life.	Most groups want guaranteed issue products with Graded Benefit Features in their offerings.	Amend	VERY HIGH: This Standard can be developed at or close to the same time as the Group Term Life Standards are being amended for nonemployer groups.
Individual Annuity	Individual Deferred Paid-Up Non-Variable Annuity Contract	ACLI	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).	add the par/non-par distinction to the Actuarial Certification to address 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”. 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	Amend	LOW TO MEDIUM Longevity annuities are not a frequent type of filing, and par or non-par affects only mutuals

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				the additional premium requirements (Section 3.B.(1)).		
Individual Deferred Variable Annuities	Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities	Compact Office ACLI	<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 allow for a guaranteed benefit base that is less than 100% at issue.</p>	<p>Compact Office: 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.</p>	Amend	VERY HIGH: This is a technical issue that is affecting the ability for the Compact to accept filings that are allowed by states.
New	New uniform standard for ancillary/incidental benefits	ACLI	We request that the Compact develop new uniform standards for ancillary/incidental benefits. These benefits do not include HIPAA-excepted Supplemental Benefits such as Specified Disease, Hospital Indemnity, Accident-Only, Dental, Vision and Medicare Supplement	As the number of insurance policies being sold with ancillary and incidental benefits increases, along with the number of states that are allowing them to be filed, there is an increasing need for the development of a set of Uniform Standards For Ancillary and Incidental Benefits.	New	HIGH: PSC suggests survey of the states on their laws and types of benefits allowed and getting guidance from the Mgmt. Committee.