

Agenda Item 2. Discuss public comments for the proposed *Group Annuity Certificate Uniform Standards for Employer Groups* and finalize feedback to the Management Committee.

Roger Stefani, Vice Chair of the Product Standards Committee (PSC), noted that the 60-day comment period for the proposed *Group Annuity Certificate Uniform Standards for Employer Groups* has ended and written comments were received from Tom Kilcoyne, Pennsylvania.

The Insurance Compact staff reviewed the comments, noting that a similar change was made to the *Single Premium Group Fixed Annuity Contract Uniform Standards* in September before the uniform standards were adopted by the Commission. The PSC reviewed this clarifying recommendation and agreed to the following changes under §4J(2) and § 4K(2):

J(2) If the contract allows adjustment of annuity payments as a result of a misstatement of age, sex or other relevant data; compliance with court orders or applicable law, or overpayments or underpayments, the certificate shall contain a provision describing an equitable adjustment to annuity payments ~~adjustments~~ for the reasons listed in the contract.

K(2) If the contract allows adjustment of premium payments as a result of a misstatement of age, sex or other relevant data; compliance with court orders or applicable law, or overpayments or underpayments, the certificate shall contain a provision describing an equitable adjustment to premium payments ~~adjustments~~ for the reasons listed in the contract.

Mr. Stefani stated that Compact staff would prepare the recommendation for the Management Committee and the Uniform Standards would be presented for consideration and adoption at the December 9th joint meeting of the Management Committee and Commission in Austin, Texas.

Agenda Item 3. Discuss public comments for the proposed *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance* and finalize recommendation to propose for the Management Committee.

The Vice Chair noted that the draft *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance* was posted for written comments and the PSC had a public call last Tuesday to receive oral comments. Comments were received from ACLI and Tom Kilcoyne of Pennsylvania. Compact staff noted that there was an additional comment received from Minnesota after the comment deadline.

The PSC agreed to two technical edits to correct errors in the draft. Maryland suggested changing the Scope to reference variable and universal life rather than variable and non-variable; however, following discussion, the PSC agreed to keep as is since interest sensitive whole life products may be included within the scope.

Under §3A(2)(a), the PSC reviewed comments from Tom Kilcoyne suggesting some clarifying revisions, but determined that the original language may make it clearer that the percentage must be

defined and included in the statement of variability. They also decided to keep the existing §3A(2)(c), noting that it may not be frequently utilized but is just an option.

Mr. Kilcoyne stated that given the information provided by ACLI, he has concluded his suggestion to include replacement and 1035 exchanges in the list of prohibited reasons for denial of benefits may be overly prescriptive. The Committee agreed not to add this provision.

Compact staff noted that ACLI may suggest an addition to § 3A(2); however, they have not yet submitted these comments. If such a request is made, it can be done during the 60-day comment period during the Rulemaking process.

John Robinson, Minnesota commented on the definition of “qualifying events” as it relates to the contingencies for which the current valuation table, based on the 1952 Disability Study of the Society of Actuaries, include. As an example, he stated it is his understanding that the valuation table does not contemplate unemployment as a benefit trigger. He suggested that the Compact actuaries consult with the Society of Actuaries on this issue. It was noted by Compact staff that the proposed Uniform Standard does not include actuarial review beyond the review included for the underlying core standard. Reserving continues to be the purview of the member states and it is the responsibility of the company to ensure that its waiver benefit meets valuation requirements. Maryland agreed with the Compact’s approach, noting they take a similar position in their state. Following further discussion, the Committee concluded that this was an area to be aware of and monitor developments going forward, but no change was needed to the proposal at this time.

Texas asked if the language in §3A(4) was typical, where it permits other qualifying events as may be approved by the IIPRC. Compact staff responded that this language came from the annuity waiver of surrender charge Uniform Standards and is found in some of the earlier standards; however, it has been removed from a few standards during the Five-Year Review process. The PSC agreed to delete this provision.

There were no further comments. Mr. Stefani stated that the Compact staff would finalize the recommendations for presentation to the Management Committee at the December 9th joint meeting.

Agenda Item 4. Any Other Matters.

The Vice Chair stated that the PSC has now completed all its outstanding projects for the year. He thanked the Committee members for their participation.