

April 11, 2024

Interstate Insurance Product Regulation Commission  
444 North Capitol Street, NW  
Hall of the States, Suite 700  
Washington, DC 20001

**RE: *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities or Individual Deferred Index Linked Variable Annuity Contracts***

Members of the Product Standards Committee:

Prudential Insurance Company of America and Allianz Life Insurance Company of North America appreciate the opportunity to submit comments to the Product Standards Committee (PSC) on its revised draft of the *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities or Individual Deferred Index Linked Variable Annuity Contracts* (Additional Standards for GLBs).

We strongly support the efforts of the PSC to develop revised product standards that cover guaranteed living benefits being offered in the marketplace. While we appreciate the updates made to the Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities (VAs) or Individual Deferred Indexed Linked Variable Annuity Contracts ("ILVAs") to recognize Guaranteed Minimum Accumulation Benefits ("GMABs) that offer guarantees based on a benefit base of less than 100% of premium payments, the latest updates fail to cover the protected income solutions that are currently part of the ILVA marketplace. These protected income solutions offer different levels of downside protection within their index performance calculations, including full downside protection, as chosen by the client based upon their risk tolerance.

This proposed ILVA GLB structure has advantages for clients over traditional GLWBs which typically pay out a level amount for life, thus losing buying power every year due to inflation. The ILVA benefit structure (i.e., protected income solutions) allows the income payments to increase, decrease, or stay the same based upon the index performance of the index strategies chosen, subject to the levels of downside protection included in those index strategies. The ILVA benefit allows income growth not only during the deferral period but also during the income period (once income payments begin) to better maintain the real value of income payments.

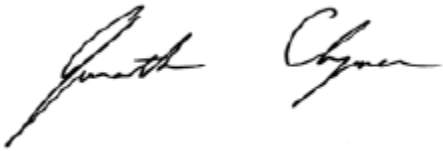
There are different levels of downside protection in the ILVA index strategies (i.e., buffers and/or floors), which impact the benefit base calculations, and a client can choose their allocations based upon their risk profile. For example, a 100% buffer/0% floor option allows full downside protection of the lifetime income, if chosen. Providing this optionality allows policyholders to lock in an even more favorable protection level than the standards currently offer while preserving their ability to weigh the risk-reward tradeoffs between index strategies. In contrast, lower buffer options offer higher growth potential, based on the level of risk taken. Clients can change their investment allocations, allowing movement into the 100% Buffer/0% floor option if they desire to lock in a minimum income amount.

This is an important benefit that does not fit into the language in the proposed Additional Standards for GLBs. These lifetime income benefits allow clients to choose the levels of downside protection and growth potential that aligns to their risk tolerance, while offering the flexibility to adjust as their needs change throughout retirement. Each index strategy has a level of downside risk protection, as chosen by the client, so no minimum floor on protection is required beyond that.

In order to allow this common structure that is available to clients today, we request the following updates to the standards to allow both GLB designs within the GLB standards. We believe that the reduced percentage of premium currently included in the draft Standards was intended for GMAB designs while our ILVA request is more aligned with GLWB/GMWB standards for ILVA and VA products. Here are our proposed updates:

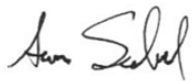
- Add a new 2.C.1.a.(iv) as follows:
  - “(iv) If the initial guaranteed benefit base is at least equal to the premium payment, the benefit is not a GMAB, and the index crediting feature includes downside protection including a full protection option, decreased due to a reset that is triggered by a decrease in the account value or an external index.”
- Add “Otherwise,” to lead in the new item 2.C.1.a (v) (previous item (iv))

We appreciate your consideration of these updates to allow for the Interstate Compact to approve such benefits.



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