

Product Standards Committee (PSC)  
Regulator-only Call Summary  
August 6, 2024

## **Agenda Item 2. Continue Discussion of 5-year review of the Group Disability Income Standards**

Andria Seip said there was one item to discuss. ACLI requested that the (3) Filing a Claim provision be clarified that electronic access is permitted. The PSC reviewed the provision and noted that it is generic enough to permit a reference to electronic access and no amendment is needed. PSC members commented that electronic access is permitted but cannot be required as not all certificateholders have access to a computer.

## **Agenda Item 3. Discuss requests for Uniform Standards Development**

Andria Seip asked the Compact Office to explain the annual process to request amendments or new uniform standards. The Compact Office explained that there is an annual process to submit requests by June 30 for the PSC to consider. The PSC holds a public call to receive comments and a second public call with suggested priorities. The PSC recommendations are then submitted to the Management Committee for consideration at the Fall Commission meeting. Andria Seip, chair of the PSC, asked the Compact Office to go over the requests.

The PSC had concerns about the request to develop a uniform standard for contingent deferred annuities. PSC members noted that there is no NAIC model. The NAIC 2015 report declined to develop a model and deferred to the states to take action. Others were concerned about the potential for misleading marketing. Members asked if the product was widely marketed and wanted more information from the ACLI. They also asked for more information about the comment that states did not need to take legislative or regulatory action. PSC members questioned whether this request should remain on the list.

The next request was for a new uniform standard for group private placement/variable universal life products. PSC members suggested asking the ACLI for information about how common this product is in the marketplace today.

The next item was a request to expand group annuity uniform standards to other than employer groups. The Compact office noted that this was the next group of standards on the list. The second request was to expand the definition of nonemployer groups to include portability trusts. The current operating procedure defers to the states to determine eligible nonemployer groups. The PSC is not in a position to consider the request under the operating procedure.

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The next item was a request for a new standard for a stand-alone group accident and dismemberment policy. There is a similar request for an individual standard on the 2024 list. The Compact Office said this could fall under the disability income product line.

The next item was a request for a stand-alone paid family leave uniform standard. The PSC members asked for more information from the ACLI about this request. The Compact Office said there were questions if this would fit under the disability income standards as the insured is not required to be disabled in order to receive benefits under paid family leave programs.

There was a request to expand the group term waiver of premium standard to include qualifying events. The Compact Office noted there is a standard for group whole life waiver of premium that could be used as a starting point to develop this standard.

There was a request from the Compact office to amend the actuarial memorandum requirements for the group annuity contract standards. PSC members discussed state requirements regarding nonforfeiture. The Compact office will provide more information.

There was a request to develop a new standard for bonus benefits for individual adjustable life insurance. PSC members asked for additional information about how nonforfeiture requirements would apply.

There was a request for new standards for stand-alone group life and annuity tax qualified plan provisions. The Compact Office said there is a standard for individual life and annuity forms that can be used as a starting point.

There was a request to expand the triggers for waiver of surrender charges for individual annuities to include qualifying events such as home displacement and other financial hardships. PSC members questioned these events and whether they would be considered value added services rather than insurance. The Compact Office will provide further information.

There was a request to expand the scope of the group term life uniform standard for riders and amendments to add group annuities. The Compact Office is considering creating a separate standard under the group annuity uniform standards rather than amending the group term life standards.

The PSC will schedule a public call on August 27 to receive comments on the requests.

#### **Agenda Item 4. Discuss questions about Value-Added Benefits**

The PSC will continue the discussion on the August 20 call.

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**Agenda Item 5. Any Other Matters**

The next meeting of the PSC will be a regulator only call on August 20. There were no other matters.