

Roll Call and Introductions

Andria Seip, the Chair of the Product Standards Committee, asked each member to introduce themselves.

Agenda Item 2. Review Charter and Workplan for 2025 and 2024 Committee evaluation results

The Compact Office went over the charter and workplan and duties of committee members. Andria Seip discussed the responses to the committee evaluation. There were some comments about calendar reminders for the call notices. The Compact Office will follow up with the affected members. A member said that comments in the chat during calls were not addressed. The Compact Office will monitor the chat during calls. Andria Seip encouraged members to use the raise hand feature and to speak up during the calls. Members asked for better information about the dates of calls. The date of the next call will be added to the agenda under Any Other Matters. The Compact Office will put the meeting calendar on the PSC Committee page on the website.

Agenda Item 3. Discuss Public call to receive comments on Value-Added Services Benefits

PSC members discussed questions for the public call on February 4, 2025. Members wanted to hear what ACLI wants to see in a uniform standard. Members asked how a uniform standard will address differences among the states regarding references to the value-added services benefits in the contract or the cost for the value-added services benefits.

Members wanted to hear how ACLI members would demonstrate compliance with the NAIC model provision that asks how the product or service relates to insurance and how the service is primarily designed to satisfy one or more of the criteria listed in the NAIC model. Some states were concerned about misleading marketing material and how to avoid unfair discrimination in offering the value-added services benefits. Other states were concerned about the potential cost for value-added services benefits and the role of the insurer versus the 3rd party vendor. Andria Seip commented that states would be coming from 1 different directions regarding value-added services. Members may submit additional questions to the Compact Office. A list of the questions is at the end of the call summary.

Agenda item 4 . Discuss process to review Additional Standards for Waiver of Premium Benefits for Total Disability and Other Qualifying Events for Term Life Insurance Policies and Certificates

The Compact Office is preparing a draft of the amended standard to expand the group term life Insurance Additional Standards for Waiver of Premium Benefits to add Qualifying Events. The draft will be distributed for comments regarding the highlighted changes. The Compact Office will provide a memo summarizing the changes.

PSC members were asked to review only the changes to the standard and to submit any concerns to the Compact office.

Agenda Item 5. Any Other Matters

The next meeting of the PSC will be a public call on February 4, 2025. to receive public comments regarding value-added services benefits being filed or allowed in Compacting States for Compact-authorized product lines. In addition, the PSC will receive public comments regarding considerations for a recommendation on whether to develop a Uniform Standard for value-added services benefits.

Product Standards Committee Questions about value-added services benefits

January 21, 2025

- The PSC wanted clarification that a standard would only be applicable to the products the Compact reviews.
- What does the ACLI envision in a uniform standard?
- How do you envision a uniform standard would demonstrate compliance with the NAIC model provisions:

Nothing in Subsection G, or Paragraph (1) of Subsection H shall be construed as including within the definition of discrimination or rebates any of the following practices:

(e) The offer or provision by insurers or producers, by or through employees, affiliates or third party representatives, of value-added products or services at no or reduced cost when such products or services are not specified in the policy of insurance if the product or service:

- (i) Relates to the insurance coverage; and
- (ii) Is primarily designed to satisfy one or more of the following:
 - (I) Provide loss mitigation or loss control;
 - (II) Reduce claim costs or claim settlement costs;
 - (III) Provide education about liability risks or risk of loss to persons or property;
 - (IV) Monitor or assess risk, identify sources of risk, or develop strategies for eliminating or reducing risk;
 - (V) Enhance health;
 - (VI) Enhance financial wellness through items such as education or financial planning services;
 - (VII) Provide post-loss services;
 - (VIII) Incent behavioral changes to improve the health or reduce the risk of death or disability of a customer (defined for purposes of this subsection as policyholder, potential policyholder, certificate holder, potential certificate holder, insured, potential insured or applicant); or
 - (IX) Assist in the administration of the employee or retiree benefit insurance coverage.
- (iii) The cost to the insurer or producer offering the product or service to any given customer must be reasonable in comparison to that customer's premiums or insurance coverage for the policy class.

(iv) If the insurer or producer is providing the product or service offered, the insurer or producer must ensure that the customer is provided with contact information to assist the customer with questions regarding the product or service.

(v) The commissioner may adopt regulations when implementing the permitted practices set forth in this statute to ensure consumer protection. Such regulations, consistent with applicable law, may address, among other issues, consumer data protections and privacy, consumer disclosure and unfair discrimination.

(vi) The availability of the value-added product or service must be based on documented objective criteria and offered in a manner that is not unfairly discriminatory. The documented criteria must be maintained by the insurer or producer and produced upon request by the Department.

- Will there be a cost for the value-added service.
- How would a uniform standard address differences among the states about references to the value-added services in the contract.
- Some states were concerned about misleading marketing material and how to avoid unfair discrimination when offering the value-added services.