

UNIFORM STANDARDS FOR GROUP GUARANTEED INTEREST CONTRACTS FOR NON-VARIABLE ANNUITIES ~~FOR EMPLOYER GROUPS~~

Scope: These Standards are intended to apply to paper or electronic guaranteed interest contracts that are issued to employer groups and non-employer groups, as described herein, provided the groups are employers, or the trustees of a fund or plan established by an employer, that are permitted in authorized under the laws of the jurisdiction where the contract is delivered or issued for delivery. The standards apply to unallocated and allocated contracts, for funds to be held in an insurer's *General* or *Separate Account* under contracts which guarantee principal and provide for a specified minimum or a single rate of interest (with or without rate resets, respectively) on amounts deposited by a contractholder and that may or may not have a fixed maturity date specified under the contract. The contracts may provide benefits to eligible participants. Separate standards will apply to group annuity certificates and synthetic guaranteed interest contracts.

Combination policies for IIPRC-approved group life, group annuity, group disability income and group long term care insurance may be filed with the Interstate Insurance Product Regulation Commission as soon as the standards for these products are available for filing with the Interstate Insurance Product Regulation Commission.

With respect to non-employer groups, approval of a group contract and certificate by the Commission shall not be deemed as approval to use or issue the product to a non-employer group. A non-employer group must be approved or permitted by the Compacting State as required under the applicable state laws and procedures before a product filing approved by the Commission pursuant to the applicable group Uniform Standards may be issued to a non-employer group.

Mix and Match: These standards are available to be used in combination with non-certificate State Product Components as described in Section 111(b) of the *Operating Procedure for the Filing and Approval of Product Filings*. These standards are available to be used in combination with IIPRC-approved or state-approved group life insurance and annuity forms.

Self-Certification: These standards are not available to be filed using the *Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission*.

Separate Accounts: Approval by the Interstate Insurance Product Regulation Commission of an insurance product filing in compliance with this Uniform Standard shall not be deemed as regulatory approval of the company's use of *Separate Accounts* which are guaranteed in whole or in part by the *General Account*. Action from the Member State, both domiciliary state and if applicable, state of issue, may be required before an insurer may use an Interstate Insurance Product Regulation Commission approved contract or other product component backed by funds associated with a *Separate Account*. If the product contains *Separate Accounts*, all aspects of the *Separate Account* with respect to its operation, maintenance, insulation and producer licensing will be governed by applicable state law (both domiciliary

and if applicable, state of issue). Upon a company receiving Interstate Insurance Product Regulation Commission approval that a policy or contract complies with the applicable Uniform Standards, the company shall ensure it has the necessary authorizations to use the *Separate Account* in the Compacting States based on state law requirements for *Separate Accounts*.

Drafting Note: The Interstate Insurance Product Regulation Commission will maintain a comprehensive listing of member states with requirements before an insurer may use an Interstate Insurance Product Regulation Commission approved contract or other product component with Separate Accounts which are guaranteed in whole or in part by the General Account.

As used in these standards the following definitions apply:

“Active Life Certificate” means a certificate delivered to each participant who is covered under an allocated contract, summarizing benefit provisions and the certificateholder’s rights under the contract.

“Contract” means a guaranteed interest contract issued to the contractholder, which may incorporate any riders, endorsements, amendments to the contract, schedules, exhibits and tables.

“Contractholder” means the person or entity to whom the contract is issued.

“Contributions” means the amounts made payable by a *Plan* sponsor to the *Plan* on behalf of a participant, plan sponsor or both.

“Employer Group” for purposes of this Uniform Standard is defined to include the following:

- a) An employer, or the trustees of a fund established by an employer, which shall be deemed to be the Contractholder to insure employees of the employer, and if applicable their dependents, for the benefit of persons other than the employer and must be authorized under the laws of the jurisdiction where the contract or certificate is delivered or issued for delivery;

DRAFTING NOTE: The laws in the Compacting State where the contract or certificate is delivered or issued for delivery apply to whether the groups defined above are authorized to operate in the Compacting State. By categorizing these groups as “Employer Groups” for purposes of this Operating Procedure and Uniform Standards, the definitions in this Section are not intended to create new groups where none existed or alter statutory definitions for these groups in the laws of the Compacting State where the contract or certificate is delivered or issued for delivery.

“Non-Employer Group” for purposes of this Uniform Standards is defined to include group types that do not fall under the Employer Group definition provided that, in the exclusive determination of the State.

- a) The eligibility and qualification for the group type is permitted under the laws of the state where the contract or certificate are delivered or issued for delivery.
- b) The group shall not be formed solely for the purpose of providing or obtaining insurance.
- c) The group has a substantive commonality of interests and purpose apart from, and independent of, providing or obtaining insurance with the Contractholder interests aligning more closely with the Certificateholder than with the interests of the insurance company.
- d) The term Non-Employer Group does not include creditor groups which are outside the scope of this Uniform Standard.

“Retired Life Certificate” means a certificate delivered to each person to whom annuity benefits are scheduled or being paid under the contract.

§ 1. ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

The following additional filing submission requirements shall apply:

- (1) The filing shall specify the respective contractholder application, if any, and Insurance Compact filed certificate(s), if applicable, associated with the contract. If the contract is designed to be countersigned in lieu of an application, an indication of such is required.
- (2) All forms being filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.

- (3) Subsequent group guaranteed interest contract form filings submitted for approval shall include only those forms being submitted for approval and should specify any other forms previously approved by the IIPRC that can be used with the subsequently filed forms.
- (4) The specifications page/section of the contract, if any, shall be completed with hypothetical data that is realistic and consistent with the other contents of the contract.
- (5) If a filing is being submitted on behalf of an insurance company by a third party, include a letter or other document authorizing the firm to file on behalf of the insurance company.
- (6) If the filing contains an insert page, include an explanation of when the insert page will be used.
- (7) If the contract contains variable items, include a Statement of Variability. The submission shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.
- (8) Include a description of any innovative or unique features of each form.

B. ACTUARIAL MEMORANDUM REQUIREMENTS

- (4) An actuarial memorandum shall be prepared, dated and signed by the member of the American Academy of Actuaries who ~~provides the following information:~~ **certifies the contract is a group annuity exempt from compliance with the NAIC Annuity Nonforfeiture Model 805.**
 - (a) ~~A description of the contract and contract provisions;~~

~~(b) To the extent applicable, a statement that the contract is exempt from compliance with the NAIC Standard Nonforfeiture Law for Individual Deferred Annuities.~~

C. VARIABILITY OF INFORMATION

- (1) Any information appearing in the contract that is variable shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change.
- (2) Variability shall be limited to contract definitions, periods of time, percentages, numerical values, ~~investment provisions~~, benefits available, benefit schedules and amounts, eligibility rules and other *Plan* parameters ~~or contract provisions~~ that are subject to, ~~or otherwise comport with,~~ the contractholder's *Plan* design and or the underwriting standards of the insurer issuing the contract to address differences among specific types of Employer Groups and Non-Employer Groups.
- (3) The Statement of Variability shall discuss:
 - (a) Variable items unrelated to *Plan* provisions: Both the conditions under which each variable item may change as well as alternative content to which the item may change shall be explained. The Statement of Variability shall present reasonable and realistic ranges for the item that may change, if applicable. Any change to a range requires a re-filing for prior approval.
 - (b) Variable items related to *Plan* provisions: The Statement of Variability shall discuss the conditions under which the items may change, and if applicable, reasonable and realistic ranges for the item that may change.
- (4) Notwithstanding paragraph (1) above, the following items may be denoted as variable and changed without notice or prior approval:
 - (a) Items such as the insurance department address and telephone number, insurance company address and telephone number, email and company logos, officer titles, and signatures of officers located in other areas of the contract; and
 - (b) Items that would be considered illustrative such as name of contractholder, contract number, effective dates, the jurisdiction where the contract is delivered or issued for delivery.

§ 2. GENERAL FORM REQUIREMENTS

A. CONTRACT STRUCTURE

- (1) With the exception of specifications pages, schedules and tables, the contract shall be presented in not less than ten-point type, one point leaded.
- (2) The style, arrangement and overall appearance of the contract shall give no undue prominence to any portion of the text of the contract or to any riders, endorsements or amendments.
- (3) The contract shall contain a table of contents or an index of their principal sections, if the contract has more than 3,000 words printed on three or fewer pages of text or if the contract has more than three pages regardless of the number of words.

- (4) The contract shall include the provisions applicable to the contractholder and may or may not include the provisions applicable to the *Annuitant* or beneficiary if such provisions are included in a separate Active Life Certificate. Provisions specifically applicable to participants and participant *Accounts* may be included. These standards assume that the contract includes the provisions applicable to the contractholder and the certificates include the provisions applicable to *Annuitant* or beneficiary.
- (5) The contract shall state that a Retired Life Certificate will be issued to each person for whom an annuity has been purchased.

B. COVER PAGE OR FIRST PAGE

- (1) The full corporate name, including city and state of the insurance company shall appear in prominent print on the cover page or first page of the contract.
- (2) A marketing name or logo may also be used on the cover page or first page of the contract provided that the marketing name or logo does not mislead as to the identity of the insurance company.
- (3) The insurance company's complete mailing address for the home office or the office that will administer the benefit provisions of the contract shall appear on the cover page or first page of the contract. The cover page or first page of the contract shall include a telephone number of the insurance company and, if available, some method of internet communication.
- (4) Two signatures of insurance company officers shall appear on the cover page of the contract.
- (5) A form identification number shall appear at the bottom of the form in the lower left hand corner of the contract. The form number shall be adequate to distinguish the form from all others used by the insurance company. The form number shall include a prefix of ICCxx (where xx represents the appropriate year the form was submitted for filing) to indicate it has been approved by the Interstate Insurance Product Regulation Commission.
- (6) A brief description shall appear in prominent print on the cover page or first page of the contract or be visible without opening the contract. The brief description shall contain at least a caption of the type of annuity provided. For example, whether the contract is funded through a pooled or single customer *Separate Account* or the *General Account*. The brief description of the contract shall also indicate whether the contract is participating or nonparticipating.
- (7) The contract cover page or first page, or specifications page, shall identify:
 - (a) The name of the contractholder, the contract number, and the effective date of the contract; and
 - (b) The jurisdiction in which the contract is issued for delivery, and the contract shall state that the laws of such jurisdiction will govern the contract.
- (8) The contract cover page or first page may include the contractholder countersignature in lieu of an application. If a countersignature is used, the date signed, printed name of authorized signer and their title shall be included with the authorized signature.

C. SPECIFICATIONS/DATA PAGE

- (1) The specifications/data page or section may be included for optional terms pursuant to the Statement of Variability.
- (2) If the contract is a participating contract, the contract cover page or first page, or the specifications page shall indicate that the dividends are not guaranteed. In addition, if the insurance company does not intend to credit dividends, then the contract specifications/data page shall state that dividends are not expected or anticipated to be paid.

D. FAIRNESS

The contract shall not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, provisions that are against public policy as determined by the Interstate Insurance Product Regulation Commission or contain exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the contract.

§ 3. TERMS AND CONCEPTS

The contract shall define certain terms or describe concepts that, as used, will have specific meanings. If the contract includes the terms and concepts set forth below, the contract shall define the terms or describe the concepts in a manner consistent with the contractholder's *Plan* and the insurance company's underwriting guidelines. The terms and concepts included below reflect the parameters that are common in the group annuity market today, but may vary by insurance company and contractholder. Consequently, the terms included below are examples of language used but are not intended to prescribe how each insurance company and each contractholder should define their terms or describe their concepts. The insurance company may identify defined terms or concepts by initial capitalization, italicizing, bolding or other form of highlighting. The plural use of terms defined in the singular shall share the same meaning.

Possible examples of terms to include:

- (1) "*Account*" means an account established under the contract to accept amounts directed to the contract.
- (2) "*Annuitant*" means a person identified in the annuity schedule entitled to receive one or more annuity benefits.
- (3) "*Annuity Start Date*" means the date on which annuity payments purchased under the contract begin.
- (4) "*Benefit Responsive Contract*" means a contract that guarantees certain *Plan Benefit Responsive Withdrawals* and transfers at *Contract Value*, subject to applicable contract provisions (like Plan Sponsor Initiated Events), for specific qualifying *Plan* benefit payments such as retirement, separation from service, disability, death, hardship or loans (if the *Plan* permits).
- (5) "*Benefit Responsive Withdrawal*" means amounts generally withdrawn at *Contract Value* from the contract for qualifying *Plan* benefit payments to a participant, beneficiary or alternate *Payee*, such as retirement, separation from service, disability, death, hardship or loans (if the *Plan* permits), pursuant to the terms of the *Plan* and the Internal Revenue Code.

- (6) “*Competing Fund*” means typically a money market fund, short-term bond fund, any other *Stable Value* option or any other investment options with similar characteristics, for which transfer restrictions exist from a *Stable Value* option. The type of restriction imposed is generally referred to as an “equity wash,” wherein the participant must transfer the amount first to a non-competing investment option for a period of time before transferring the amount to a *Competing Fund*.
- (7) “*Contract Value*” means the sum of all contributions plus accumulated interest, minus withdrawals and expenses. The contract value is the amount owed by the issuer to the contractholder on behalf of the *Plan* participants, subject to certain terms and conditions.
- (8) “*Corridor*” means a percentage of the contract value that may be documented in the contract which limits within a period of time, typically a 12-month period, the dollar amount of *Plan Sponsor Initiated Withdrawals* that will be payable at Contract Value under the contract.
- (9) “*Form of Annuity*” means the types of annuities available to the *Annuitant* such as Life Annuity, Period Certain Annuity, Joint Annuity, and Joint and Survivor Annuity.
- (10) “*General Account*” means an insurance company’s overall investment account that contains general corporate assets.
- (11) “*Guaranteed Minimum Interest Rate*” means the minimum interest rate that will be credited to the contract value. This rate will never be less than zero (0%).
- (12) “*Index Rate*” means an interest rate that uses a published rate, for example LIBOR (SOFR), CMT or the Prime Interest Rate as the basis of the declared interest rate plus or minus a percentage, for example LIBOR + 5bps.
- (13) “*Market Value*” means the aggregate fair value of the underlying assets of the account that supports the insurance contract(s) as of a specified calculation date.
- (14) “*Market Value Adjustment*” means an adjustment for increasing or decreasing the contract value of the account that supports the insurance contract in the event of a *Non-benefit Responsive Withdrawal* or a contract termination to reflect changes in interest rates or asset values since the receipt of funds by the insurer, according to a formula set forth in the contract.
- (15) “*Non-benefit Responsive Withdrawal*” means any payment that is not used for the purpose of paying any of the qualifying *Plan* benefit payments.
- (16) “*Owner*” or “*Contractholder*” means the entity(ies) shown on the Cover Page as the owner of the contract.
- (17) “*Payee*” means the person(s), or entity(ies) to whom withdrawal payments under the contract will be made.
- (18) “*Plan*” means the retirement *Plan* as specified in the contract.

- (19) “*Plan Administrator*” means the person or entity designated by the *Plan* or by the employer to manage the retirement *Plan*.
- (20) “*Plan Sponsor*” means the person or entity that establishes or maintains the *Plan*.
- (21) “*Plan Sponsor Initiated Event*” means an action outside the normal operations of the *Plan* that potentially negatively impacts the *Contract Value*, including but not limited to:
 - (a) a terminating political subdivision of a governmental plan, terminating union or terminating participating employer in a multiple employer plan;
 - (b) merger, consolidation, sale or spin-off;
 - (c) commencement of voluntary or involuntary case against the *Plan Sponsor* under federal or state bankruptcy laws;
- (22) “*Rate Reset*” means the interest rate credited under the contract will be determined on a periodic basis throughout its lifetime rather than for the entire term of the contract.
- (23) “*Stable Value*” means a plan investment option with an underlying conservative asset class of investments, that has the goal of preserving capital, providing liquidity, and generating steady, positive returns.

§ 4 CONTRACT PROVISIONS

A. AMENDMENTS

- (1) The contract shall not provide for unilateral amendments that reduce or eliminate benefits or coverage, or impair or invalidate any right granted to the *Owner* under the contract, except for amendments to conform to changes in any applicable provisions or requirements of federal or state requirements, rules or regulations.

B. ANNUITY PURCHASE RATE TABLES

- (1) A table of annuity purchase rates or actuarial description of annuity purchase rates to be used shall be set forth in the contract and may not be changed more frequently than once annually upon advance written notice to the contractholder.

C. ARBITRATION

- (1) Only arbitration provisions that permit voluntary post-dispute binding arbitration shall be allowed in contract forms. If the contract includes an arbitration provision, the following guidelines apply:
 - (a) Arbitration shall be conducted in accordance with the rules of the American Arbitration Association (“AAA”) before a panel of three (3) neutral arbitrators who are knowledgeable in the field of life insurance and appointed from a panel list provided by the AAA.

- (b) Arbitration shall be held in the city or county where the contractholder or owner is located or where the Certificateholder or Beneficiary lives, depending on who has agreed to arbitration.
- (c) The cost of arbitration shall be paid by the insurance company, to include any deposits or administrative fee required to commence a dispute in arbitration, as well as any other fee including the arbitrator's fee.
- (d) Where there is any inconsistency between these guidelines and AAA rules, these guidelines control.

D. ASSIGNMENT

- (1) The contract may contain a provision specifying that it cannot be assigned, sold, pledged or transferred without the consent of the insurer.
- (2) The contract may specify that to the maximum extent permitted by applicable law, annuity payments are not subject to the claim of creditors.

E. CONFORMITY WITH INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION STANDARDS

- (1) The contract shall state that it was approved under the authority of the Interstate Insurance Product Regulation Commission and issued under the Commission standards. The contract shall also state that any provision of the contract that on the provision's effective date is in conflict with the applicable Interstate Insurance Product Regulation Commission standards for this product type in effect as of the provision's effective date of Commission contract approval is hereby amended to conform to the Interstate Insurance Product Regulation Commission standards in effect as of the provision's effective date of Commission contract approval.

F. CONTRACT VALUES

- (1) The contract shall define and describe the method of calculating all values and benefits provided under the contract. The contract shall also include a complete description of all fees, charges and credits used to determine these values.

G. CONTRIBUTIONS

- (1) The contract shall describe the types of contributions permitted under the contract and any limitations relating to contributions made by the Contractholder.

H. DISCRETIONARY CLAUSES

No contract may contain a provision:

- (1) Purporting to reserve sole discretion to the insurance company to interpret the terms of a contract;
or
- (2) Specifying a standard of review upon which a court may review denial of a claim or any other decision made by an insurance company with respect to a Certificateholder, if applicable.

I. DISTRIBUTIONS

- (1) The contract shall describe the types of distributions permitted under the contract, including but not limited to, benefit responsive withdrawals and *Plan Sponsor* initiated withdrawals.

J. ENTIRE CONTRACT

- (1) The contract shall contain a provision regarding what constitutes the entire contract between the insurance company and the contractholder, which may incorporate any riders, endorsements, amendments to the contract, schedules, exhibits and tables. No document except pension plan documents may be included by reference.
- (2) If the application is to be a part of the contract, the entire contract provision shall state that the application is a part of the contract if attached. All statements made by the applicant for the issuance of the contract shall, in the absence of fraud, be deemed representations and not warranties.

K. FORM OF ANNUITY

- (1) The contract may identify the *Forms of Annuity* available to the *Annuitant* and a description of each *Form of Annuity*.
- (2) If the contract includes *Deferred Annuitants*, the contract shall include information as applicable on the normal (default) form of annuity, and any optional forms of annuity available to the *Annuitant*.

L. INFORMATION REQUIRED

- (1) The contract may include a provision requiring the contractholder to provide the insurance company with all the information needed for the issuance and administration of the contract.
- (2) The contract may contain a misstatement of age, sex or other relevant data provision, describing what is done in the event data relevant to the contract is misstated.

M. LEGAL ACTION/GOVERNING LAW

- (1) A contract may include a legal action provision. If included, the provision shall state that a legal cause of action related to the contract shall comply with the laws of the state where the contract was delivered or issued for delivery.

N. TERMINATION

- (1) The contract may contain a provision permitting automatic termination upon *Plan* termination.
- (2) The contract may contain a provision permitting voluntary termination by either the contractholder or insurer.