

GROUP ANNUITY CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS

Scope: These standards are intended to apply to paper or electronic group annuity certificates that are issued to eligible Plan participants certificateholders who are *Annuitants* for benefits provided by group annuity contracts available for filing with the IIPRC and issued to employer groups and non-employer groups, as described herein, provided the groups are authorized under the laws of the jurisdiction where the contract is delivered or issued for delivery. The certificates may provide benefits to eligible Employees or Members of the Contractholder, i.e Certificateholders, and beneficiaries of such Certificateholders. Separate standards apply to group annuity contracts.

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 not available to be used in combination with State Product Components as described in § 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 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*.

As used in these standards the following definitions apply:

“Annuitant” means a person entitled to receive one or more annuity benefits.

“Certificate” means the document which describes the certificateholder’s benefits and rights under the contract.

“Certificateholder” means the person to whom the certificate is issued.

“Contract” means the group annuity 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.

“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 there 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.

§ 1. ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

The following additional filing submission requirements shall apply:

- (1) All forms filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.
- (2) The filing shall indicate the respective Interstate Insurance Product Regulation Commission filed group annuity contract form(s) to be used with the certificate.
- (3) Subsequent group annuity certificate filings submitted for approval shall include only those forms being submitted for approval and should specify any other forms previously approved by the

Interstate Insurance Product Regulation Commission that will be used with the subsequently filed forms.

- (4) The specifications page of the certificate, 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, 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 certificate contains variable items, include the 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 certification signed by an insurance company officer that the certificate forms have a minimum Flesch Score of 50. If the certificate is subject to federal jurisdiction, and accordingly, Flesch requirements do not apply, include a statement to that effect.
- (9) Include a description of any innovative or unique features of each form.

B. VARIABILITY OF INFORMATION

- (1) Any information appearing in the certificate 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 certificate-contract definitions, dates, periods of time, percentages, numerical values, investment provisions, benefits available, benefit schedules and amounts, eligibility rules and other Plan parameters that are subject to the contractholder's Plan design and/or reflected in the contract provision(s) to address differences among specific types of Employer Groups and Non-Employer Groups.
- (3) Variability may not be used unilaterally by the insurance company to change or modify in-force group coverage if such change or modification would have the effect of increasing premiums or decreasing benefits, unless the contract reserves the right of the contractholder or the insurance company to effect such change or modification under the terms of the group coverage, or unless such change or modification is required by state or federal law.
- (4) The Statement of Variability shall discuss:
 - (a) Variable items unrelated to Plan/contract 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. Any change to a range requires a re-filing for prior approval.

- (b) Variable items related to *Plan*/contract 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.
- (5) 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, officer titles, and signatures of officers located in other areas of the certificate; and
 - (b) Items that would be considered illustrative such as name of contractholder, and contract number, certificateholder and certificate number, covered or eligible class, and effective dates.

C. READABILITY REQUIREMENTS

- (1) The certificate text shall achieve a minimum score of 50 on the Flesch reading ease test or an equivalent score on any other approved comparable reading test. See Appendix A for Flesch methodology.
- (2) The certificate shall be presented, except for schedules and tables, in not less than ten-point type, one point leaded.
- (3) The style, arrangement and overall appearance of the certificate shall give no undue prominence to any portion of the text of the certificate or to any riders, endorsements or amendments.
- (4) The certificate shall contain a table of contents or an index of their principal sections, if the certificate has more than 3,000 words printed on three or fewer pages of text or if the certificate has more than three pages regardless of the number of words

§ 2. GENERAL FORM REQUIREMENTS

A. 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 certificate.
- (2) At least one signature of a company officer. Alternatively, the signature may be added at the end of the certificate.
- (3) A form identification number shall appear at the bottom of the form in the lower-left corner of the certificate. 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.

- (4) The title of the certificate shall appear in prominent print on the cover page or first page of the certificate or be visible without opening the certificate.
- (5) The certificate cover page or first page shall identify at minimum:
 - (a) The name of the contractholder,
 - (b) the contract number, and
 - (c) the certificate number.

B. COMPANY INFORMATION

- (1) A marketing name or logo may be used on the certificate provided that the marketing name or logo does not mislead as to the identity of the insurance company.
- (2) The insurance company's complete mailing address for the home office or the office that will administer the benefit provisions of the certificate shall appear in the certificate. The certificate shall also include a telephone number of the insurance company and may also include some method of Internet communication.

C. FAIRNESS

The certificate 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 certificate.

§ 3. TERMS AND CONCEPTS

The certificate may define certain terms or describe concepts that, as used, will have specific meanings. If the certificate includes the terms and concepts set forth below, the certificate shall define the terms or describe the concepts in a manner consistent with the group annuity contract. 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.

- (1) “*Annuitant*” means a person entitled to receive one or more annuity benefits.
- (2) “*Annuity Start Date*” means the date on which annuity payments purchased under the contract begin.
- (3) “*Beneficiary*” means the person or entity designated to receive remaining annuity benefits as specified in the contract upon the death of the *Annuitant*.
- (4) “*Contingent Annuitant*” or “*Joint Annuitant*” means the person entitled to the remaining benefits of the annuity following the death of the *Annuitant*.
- (5) “*Deferred Annuitant*” means a person that has not yet elected to receive annuity payments.
- (6) “*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.
- (7) “*Plan*” means the retirement *Plan* specified in the contract.

§ 4 CERTIFICATE PROVISIONS

A. ASSIGNMENT

- (1) The certificate may contain a provision that the *Annuitant*'s benefits under the Contract cannot be assigned, pledged, sold or transferred.
- (2) The certificate may specify that to the maximum extent permitted by applicable law, benefits under the certificate are not subject to the claim of creditors.

B. BENEFICIARY

- (1) The certificate may contain a *Beneficiary* provision. The certificate shall not include any restriction on change of *Beneficiary* other than for purposes of satisfying applicable laws, regulations or *Plan* provisions.
- (2) If the certificate contains a *Beneficiary* provision, the certificate shall state when changes in *Beneficiary* shall take effect, subject to any payments made or actions taken by the company prior to receipt of notice of a *Beneficiary* change.
- (3) If irrevocable *Beneficiaries* are referenced in the certificate, the certificate shall explain that such a *Beneficiary* cannot be changed without the consent of the irrevocable *Beneficiary*.

C. COMMUTATION OF ANNUITY PAYMENTS

- (1) The certificate may contain a provision providing for the commutation of any life contingent or non-life contingent annuity benefits payable to the *Annuitant* or *Beneficiary*.

- (2) If the certificate contains a commutation provision, the certificate shall state that the commuted value shall be payable in a lump sum only.

D. CONTINUATION OF COVERAGE

- (1) The certificate may include a provision stating that if the group contract under which the certificate is issued terminates, coverage under the certificate may be continued unless the certificate is surrendered or terminates in accordance with the terms of the contract.

E. CONFORMITY WITH INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION STANDARDS

- (1) The certificate shall state that it was approved under the authority of the Interstate Insurance Product Regulation Commission and issued under the Commission standards. The certificate shall also state that any provision of the certificate 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 certificate 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 certificate approval.

F. DEATH OF THE *ANNUITANT*

- (1) A deferred annuity certificate shall state what happens upon death of the *Annuitant* prior to the annuity date and after the annuity date.
- (2) An immediate annuity certificate shall state what happens upon the death of the *Annuitant* after the annuity date.
- (3) When a death benefit is available under the contract, the certificate may contain a provision that settlement of the death benefit proceeds shall be made to the *Beneficiary* upon receipt of due proof of death.

G. DISCRETIONARY CLAUSES

- (1) No certificate may contain a provision:
 - (a) Purporting to reserve sole discretion to the insurance company to interpret the terms of a contract or certificate; or
 - (b) 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.

H. EVIDENCE OF SURVIVAL

- (1) The certificate may provide the company with the right to require proof that the *Annuitant* is living on any payment date.

I. LEGAL ACTION

- (1) A certificate 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.

J. PAYMENT OF BENEFITS

- (1) The certificate shall contain information describing the payment of benefits.
- (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 for the reasons listed in the contract.

K. PAYMENT OF PREMIUM

- (1) If the premium payment amount is shown in the certificate, the certificate may contain information describing the premium payment and shall state when premiums are due. The provision may state that the insurance company is only liable for those annuity payments for which premium has been duly received.
- (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 for the reasons listed in the contract.

L. QUALIFIED DOMESTIC RELATIONS ORDER

- (1) The certificate may include a provision stating that the *Annuitant's* right to receive benefits, elect an *Annuity Form* or designate a *Beneficiary* may be limited by the terms of a Qualified Domestic Relations Order.

Appendix A

Flesch Methodology

The following measuring method shall be used in determining the Flesch score:

- (1) For certificates containing 10,000 words or less of text, the entire form shall be analyzed. For certificates containing more than 10,000 words, the readability of two, 200-word samples per page may be analyzed instead of the entire form. The sample shall be separated by at least 20 printed lines.
- (2) The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.
- (3) The total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of 84.6.
- (4) The sum of the figures computed under (2) and (3) subtracted from 206.835 equals the Flesch reading ease score for the certificates.
- (5) For purposes of (2), (3), and (4), the following procedures shall be used:
 - (a) A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one word;
 - (b) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and
 - (c) A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. Where the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.
- (6) The term “text” as used in this section shall include all printed matter except the following:
 - (a) The name and address of the company; the name, number or title of the contract; the table of contents or index; captions and sub-captions; specifications pages, schedules or tables; and;
 - (b) Any certificate language that is drafted to conform to the requirements of any federal law or regulation; any certificate language required by any collectively bargained agreement; any medical terminology; any words that are defined in the certificate; and any certificate language required by law or regulation; provided, however, the company identifies the language or terminology excepted by the paragraph and certifies, in writing, that the language or terminology is entitled to be excepted by this paragraph.
- (7) At the option of the company, riders, endorsements, applications and other forms made a part of the certificate may be scored as separate forms or as part of the certificate with which they may be used.