



TO: Insurance Compact Management Committee
FROM: Product Standards Committee
DATE: February 25, 2019
SUBJECT: Recommended Amendments to the *Additional Standards for Overloan Protection Benefit* to Include Whole Life Insurance Products

The Product Standards Committee (PSC) of the Interstate Insurance Product Regulation Commission (Commission) brings forth a recommendation to amend the *Additional Standards for Overloan Protection Benefit* to include individual whole life insurance products. Previously, this standard was only applicable to individual adjustable life policies. The recommendation is the first in the PSC's ongoing work plan to address products currently in the marketplace and gaps within the current individual life insurance and annuity Uniform Standards. Both regulators and interested parties identified this amendment as a high priority and the Insurance Compact Office has also received requests for overloan protection benefit features for whole life insurance products that they were unable to review due to the current scope of this standard.

The Product Standards Committee issued an initial draft of proposed amendments on October 16, 2018, after notice and opportunity for written comment, held a public conference call on October 30, 2018, to receive comments from regulators, interested parties as well as members of the Legislative Committee, Consumer Advisory Committee and Industry Advisory Committee. A second draft of the proposal was exposed January 16, 2019, with a second public call to receive comments on February 5, 2019. In developing its final recommendation, in addition to suggestions from Committee members, the PSC received and considered comments from Penn Mutual, the ACLI, and the Oregon Division of Financial Regulation.

The proposed amendments expand the Scope of the uniform standards to include individual whole life insurance products; make it clear that the benefit prevents the policy from lapsing due to an excessive loan on the policy, and when requirements are met, provides the owner with a paid up policy; and include some technical edits needed so the language accommodates both adjustable and whole life insurance policies. The Committee did not identify any controversial aspects of the proposal and therefore brings forth a recommendation to amend the *Additional Standards for Overloan Protection Benefit* to include whole life insurance products.