

Product Standards Committee (PSC)
Regulator-only Call Summary
April 23, 2024

Agenda Item 2. Discuss comments from the public call on April 9 on amendments to the calculation of the initial benefit base for Guaranteed Minimum Accumulation Benefit (GMAB) features under the Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities and the Group Whole Life Standards

The PSC discussed the comments during the April 9th public call. There were no comments on the group whole life standards and one oral comment on the GLB standard. After the call, the Compact Office received a joint written request from two filing companies for an amendment to the GLB Standard. Andria Seip asked Katie Campbell to discuss the request. The request was to add an exception to the guaranteed benefit base calculation to allow an income benefit that uses the account value at the time income payment withdrawals are elected to be used to determine the amount available for periodic income withdrawals; and require an index strategy be offered that provides full downside protection (100% buffer/0% floor), but no restriction would apply on changes in periodic income withdrawal amounts due to changes in the account value or an index. The PSC considered the proposal and determined that the income benefit described in the comment letter did not provide a guaranteed benefit and did not accept the proposed revisions to the GLB standard. The PSC discussed considering the request under a separate standard. The PSC agreed to refer the GLB standard without further amendments to the Management Committee.

Agenda Item 3. Discuss 5-year review of the Group Disability Income Standards

ACLI comment: Most group applications contain references to group products other than the Compact-filed product, and they are filed in each state and contain various state variations. It is not possible to reconcile the Compact-version for use with all products with the state-filed versions and having two separate group applications and EOI forms (one for the Compact-approved product and one for all other state-filed products) is cumbersome and non-user friendly. Allowing mix-and-match would simplify this.

Andria Seip asked PSC members for comments on the sample application/enrollment form listing various types of products. The Compact Office currently allows a form that allows a selection of coverage, but no underwriting questions for products outside of the Compact. PSC members discussed how applications for multiple product lines and different SERFF types of insurance are handled in state filings. Iowa provided an example of a combined application and evidence of insurability filing that was overly complex. The PSC members discussed concerns about applications/evidence of insurability forms with underwriting questions for products such as dental and vision coverage. The PSC members discussed forms to enroll in coverage versus individual applicants answering health questions to enroll in coverage. The PSC Members asked the Compact Office to prepare questions to send to the ACLI. One request is to confirm that the request is for ability to mix and match applications that contain both enrollment selections and application

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questions (including amount of coverage) for Compact and non-Compact products. Another request was to determine if separate policies/certificates were being issued for the various types of coverage.

Offsets:

ACLI Comment: The offset that currently allows for “Disability benefits under state disability plans, such as California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island” needs to be expanded to include the medical benefits payable under state paid family medical leave (PFML) plans. We suggest broadening the exclusion to delete reference to the states and make it more inclusive, such as “Benefits payable for disability under state or federal disability income plans, paid family, and medical leave plans, or other similar governmental compulsory plans.”

The request to amend the reduction in benefits to include a more general reference to paid family leave plans. The PSC discussed this request. PSC members will review state requirements and continue the discussion on the next call. Several states have enacted paid family leave plans since the standard was developed.

Agenda Item 4. Discuss Group Disability Income Standards for Other Than Employer Groups

The PSC will discuss a process to review the standards on its next call.

Agenda Item 7. Any Other Matters

The next meeting of the PSC will be a regulator-only call on May 7. There were no other matters.