

*PROPOSED EMERGENCY RULE FOR CONSIDERATION BY THE
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION*

EMERGENCY RULE 3 (ER-3)

**EMERGENCY RULE TO APPLY AMENDMENTS TO THE
ANNUITY MINIMUM NONFORFEITURE RATE IN
UNIFORM STANDARDS ADOPTED BY THE COMMISSION
BEFORE THEIR EFFECTIVE DATE**

The purpose of Emergency Rule 3 (ER-3) is to replace Emergency Rule 2 (ER-2) with a new emergency rule to address a gap in time between when ER-2 was set to expire on September 19, 2021 and the amendments to the Uniform Standards become effective on October 13, 2021. ER-3 maintains the substantive purpose of ER-2 without modification. ER-3 will be in effect from its adoption until the amendments become effective on October 13, 2021.

ER-3 will apply the amendments to the Uniform Standards listed below. The amendments were adopted by the Interstate Insurance Product Regulation Commission on June 29, 2021. The adopted amendments change the effectiveness in these Uniform Standards of the amendment to Section (4)(B) of the NAIC Model 805 – *Standard Nonforfeiture Law for Individual Deferred Annuities* – to follow the minimum nonforfeiture law in state law as specified below.

Pursuant to Section 109 of the [Rule for Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission](#) (“Rulemaking Rule”), the Management Committee, for the following good cause, finds that emergency circumstances exist such that the requirements of Sections 103 through 107 are contrary to the public interest in the process of approving ER-3.

1. On December 4, 2020, the Commission adopted ER-1 to stay the immediate effectiveness, with respect to products filed with the Commission, of an amendment to NAIC Model 805 *Standard Nonforfeiture Law for Individual Deferred Non-Variable Annuities*, specifically Section 4(B)(3), to change the interest rate amount which the nonforfeiture interest rate cannot fall below from 1% to 0.15%. The amendment to NAIC Model 805 was adopted by the NAIC on December 9, 2020.
2. On March 23, 2021, the Commission adopted ER-2 to replace ER-1 and to immediately implement the Product Standards Committee recommendation to amend the following Uniform Standards definition for “nonforfeiture rate” and to clarify throughout that the references to NAIC Model 805 are modified to use this definition. The definition for nonforfeiture rate under this amendment would require the minimum nonforfeiture law applicable to a Compact product filing to follow each state’s minimum nonforfeiture rate law in effect at the time a product is issued.
 - *INDIVIDUAL DEFERRED NON-VARIABLE ANNUITY CONTRACT STANDARDS*
 - *INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACTS*
 - *ADDITIONAL STANDARDS FOR INDEX-LINKED CREDITING FEATURE FOR DEFERRED NON-VARIABLE ANNUITIES AND THE GENERAL ACCOUNT PORTION OF INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACT*

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- *ADDITIONAL STANDARDS FOR BONUS BENEFITS FOR INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACT*
 - *ADDITIONAL STANDARDS FOR BONUS BENEFITS (for Individual Deferred Non-Variable Annuities)*
 - *ADDITIONAL STANDARDS FOR MARKET VALUE ADJUSTMENT FEATURE PROVIDED THROUGH THE GENERAL ACCOUNT.*
3. These amendments to the Uniform Standards were subject to the rulemaking process under Sections 103 through 107. The amendments were adopted by the Commission on June 29, 2021 and will be effective for Compact filings on October 13, 2021.
 4. ER-2 will expire on September 19, 2021, which is 180 days after its initial adoption. Under Section 109 of the Rulemaking Rule, an emergency rule ceases to be effective 180 days after it is adopted.
 5. Considering this timing concern, the Commission wishes to avoid a lapse in the effectiveness of the amendments due to the expiration of ER-2 before the effective date of the adopted amendments to the Uniform Standards.

For good cause as stated above, the Interstate Insurance Product Regulation Commission, by a majority vote pursuant to Section 109 of the Rulemaking Rule, hereby issues this Emergency Rule 3 to replace Emergency Rule 2 to apply the amendments adopted by the Commission on June 29, 2021 on an emergency basis until they become effective on October 13, 2021. The amendments apply to the following Uniform Standards where NAIC Model 805 is referenced:

- *INDIVIDUAL DEFERRED NON-VARIABLE ANNUITY CONTRACT STANDARDS*
- *INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACTS*
- *ADDITIONAL STANDARDS FOR INDEX-LINKED CREDITING FEATURE FOR DEFERRED NON-VARIABLE ANNUITIES AND THE GENERAL ACCOUNT PORTION OF INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACT*
- *ADDITIONAL STANDARDS FOR BONUS BENEFITS FOR INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACT*
- *ADDITIONAL STANDARDS FOR BONUS BENEFITS (for Individual Deferred Non-Variable Annuities)*
- *ADDITIONAL STANDARDS FOR MARKET VALUE ADJUSTMENT FEATURE PROVIDED THROUGH THE GENERAL ACCOUNT.*

Under this Emergency Rule 3, product filings subject to the above-referenced Uniform Standards shall be reviewed for compliance with the Uniform Standards with the amendments adopted by the Commission on June 29, 2021.

Upon the adoption of Emergency Rule 3, Emergency Rule 2 is replaced and shall have no further force and effect.

This Emergency Rule 3 shall be effective until October 13, 2021, at which time it shall automatically expire as the amendments will then be officially effective.