

Product Standards Committee (PSC)  
Regulator Call Summary  
December 17, 2024

### **Agenda Item 2. Discuss draft Additional Standards for Graded Death Benefit for Group Term Life Insurance Policies and Certificates**

The ACLI provided comments on the actuarial memorandum requirements. PSC members discussed the references to cash values. Mary Block pointed out that the scope of the Group Term Life Insurance Policy and Certificate Standards states “Term life insurance is renewable coverage that does not accumulate cash surrender value.” She asked how the *Additional Standards for Graded Death Benefit for Group Term Life Insurance Policies and Certificates* could include references to cash values. Becky McElduff, Director of Product Operations & Chief Counsel, stated that the Compact does not allow cash value in group term life policies that are filed with the Compact. Mary Block said we do not need the language at all and to advise the ACLI that the underlying group term policy standard does not allow cash value, therefore the additional standards cannot include references to cash value. There was discussion about reference to the nonforfeiture demonstration in the Actuarial Memorandum. There was a suggestion to revise (7) in the Contract provisions to make it clear that the certificate may use the rate used to determine nonforfeiture values. The Compact Office will review the suggested edits to the draft.

### **Agenda Item 3. Discuss Preliminary Results of the Value-Added Services Survey**

There was discussion about how many states have adopted the amendments to the NAIC Unfair Trade Practices Act. It appears there is little consensus among the states about filing requirements for value added services. About half the states responding to the survey said they required some kind of filing for value added services, but not every state looked at the question the same way and it was hard to interpret the answers. The PSC discussed the state responses to the question about considerations to think about in determining whether to develop a uniform standard for value added services. One comment was about whether there could be a cost for the value-added service. Some states do not want references to the value-added services in the contract. Some states were concerned about misleading marketing material and how to avoid unfair discrimination in offering the value-added services. Andria Seip wanted clarification that a uniform standard would only be applicable to the products the Compact reviews.

Andria Seip stated that the ACLI would like to make a presentation to provide the PSC with information about value-added services. The PSC can hold a public call to receive comments from the public. Any member of the public can submit comments and can speak during the public call. PSC members put together a list of questions. Members asked for

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more information about what provisions would be included in a uniform standard. Andria Seip suggested asking how companies would comply with the NAIC model provisions that ask how the product or service relates to insurance and how the service is primarily designed to satisfy one or more of the criteria listed in the NAIC model.

Members asked how a uniform standard could address the variations among the states. Vermont requires a filing but does not allow noninsurance benefits in the contract. Maryland questioned if the company had to submit a filing if the service was offered outside of the insurance contract. Vermont said there is an insurance policy, and the value-added service is offered in a brochure which is filed. Maryland had questions about the role of the insurer versus the third party offering the value-added service. There was discussion about guardrails as to cost. Andria Seip said the product has to be reasonable in comparison to the premiums and the cost clearly stated to the consumer.

Andria Seip asked members to submit any additional questions for the public call to the Compact Office for discussion on the next call.

#### **Agenda Item 4. Any Other Matters**

The next meeting of the PSC will be a regulator only call on January 21, 2025. There were no other matters.