



REQUEST FOR NEW UNIFORM STANDARDS OR CHANGES TO UNIFORM STANDARDS

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REQUEST IS FOR: New Standard

DETAILED DESCRIPTION OF THE REQUEST, INCLUDING THE SCOPE IF A NEW UNIFORM STANDARD, AND IF APPROPRIATE ALSO INCLUDE PROPOSED LANGUAGE CONSIDERATION: This request is to request a new standard that allows the Compact to review and approve Group Annuity Contracts that include BOTH a fixed and variable investments. The current Standard only allows for review and approval for Group Fixed Annuity Contracts for Employer Groups and Guaranteed Investment Contracts for Employer Groups under IIPRC-A-02-G and IIPRC-A-02-G-GIC, respectively. Below are some fundamental facts regarding the Contract and attached investment riders.

Guaranteed Interest Contract ("Contract").

- Guaranteed Interest Contract and attached Investment Rider(s) issued to employers, the trustees of a fund or plan established by an employer, and other institutional investors
- Unallocated contract in which deposits are credited to an investment fund (Fixed or Separate Account) without reference to any plan participant

- Permits the contractholder to purchase annuities for plan participants upon retirement and termination of employment events but is not a Pension Risk Transfer contract
- Funds may be held in the issuing Insurance Company's General (Fixed) or Separate Account depending upon the investment options chosen by the contractholder and incorporated in the contract via an Investment Rider or Endorsement.
- Annuities are offered under the Contract, but this is not a pension risk transfer contract.
- Any annuity purchased under the Contract would be an immediate fixed dollar annuity.

General Account Investment Rider

- Investment Rider is a General Account (Fixed) Investment Rider that reflects terms for funds held in the issuing insurance company's general account for which the issuing insurance company guarantees principal and provides a specified minimum rate of interest; and
- Investment Rider can provide the contractholder with the unqualified right to withdraw their assets within the Investment Rider. Withdrawal options that could be made available, including, but not limited to: in installments over a set period, lump sum paid after a stated period of time or a lump sum subject to a potential Market Value Adjustment.

Separate Account Investment Rider

- Unallocated group annuity contract and Separate Account accumulation rider together describe the benefits & terms.
- The Contract and Separate Account rider provide that the assets of the separate account shall not be chargeable with liabilities arising out of any other business of the insurer.
- Separate Account is an insurance company separate account established under the laws of the issuing insurance company's state of domicile.
- Separate Account is made part of the unallocated base contract via the investment rider and describes the menu of investments available for retirement plan participants.
- The investments allocated to the separate account are subject to the requirements and limitations imposed by the insurer's state of domicile.
- Under the Contract and Separate Account Rider, the unallocated contract value for the group contractowner varies during the life of the contract according to the investment experience of the separate account but not during the payout phase;

there is no Market Value Adjustment for assets in the Separate Account upon termination.

- The insurer's liability under the Contract and Separate Account rider is limited to the contractholder's interest in assets allocated to the separate account and fluctuate with changes in market value of the separate account.

Additional Information

- The Contract and any Investment Rider(s) will define the terms and describe concepts in a manner consistent with the contractholder's plan and the issuing insurance company's underwriting guidelines. The Contract and Investment Rider(s) will define and describe the method of calculating all values and benefits, including a complete description of fees, charges and credits used to determine the values and benefits. Below are samples of key terms.
- "General Account" means an insurance company's overall investment account that contains general corporate assets.
- "Guaranteed Minimum Interest Rate" means the minimum interest rate that will be credited to the contract value consistent with applicable law. This rate will never be less than zero (0%).
- "Market Value Adjustment" means an adjustment for increasing or decreasing the contract value of the account that supports the insurance contract in the event of a Non-benefit Responsive Withdrawal/Contractowner Withdrawal or termination and reflects changes in interest rates or asset values since the receipt of funds according to a formula set forth in the contract.
- "Non-benefit Responsive Withdrawal" or "Contractowner Withdrawal" means any payment that is not used for the purpose of paying any of the qualifying Plan benefit payments.
- "Specified interest rate" describes the rate of interest, which, at the time set or established under the contract, is likely to result in the crediting of no more than a minimal rate of additional interest to the accumulation fund on an annual or more frequent basis.

DETAILED EXPLANATION OF THE REASON FOR THE REQUEST. IF A NEW UNIFORM STANDARD, PLEASE PROVIDE SUPPORT THAT THIS TYPE OF PRODUCT HAS BEEN FILED AND APPROVED IN COMPACTING STATES. IF AN AMENDMENT TO AN EXISTING UNIFORM STANDARDS, PLEASE PROVIDE SUPPORT FOR HOW CIRCUMSTANCES OR UNDERLYING ASSUMPTIONS (WHETHER IN REGULATION, IN THE MARKETPLACE OR OTHERWISE) HAVE CHANGED: This request is being submitted as a large portion of the Retirement Plan industry includes Group Annuity Contracts that offer both fixed and variable investment options, typically in the form of riders and schedules attached to a

base contract. This type of contract and rider/schedule program has been approved in all compact states.

The contract that is currently in use by The Standard, including the Schedule B which provides the variable portion, was approved in most states prior to the use of SERFF. However, a few state versions have since been re-approved via SERFF.

Examples of filings of those updated contracts with noted schedules were approved under the following:

Alaska - STAN-127200987

Michigan - STAN-126802945

With respect to the fixed investment, which is included as a rider, the ICC has approved a similar version as to what would be used under STAN-134253148.

IS THIS CHANGE CURRENTLY ACCEPTED IN COMPACT STATES? Yes

WOULD THIS CHANGE CONFLICT WITH ANY NAIC MODEL LAWS OR REGULATIONS? No