

Agenda item 2. Discuss comments from the public call.

There was only one comment from the public call. ACLI requested that the proposed “plus ten percent interest” language in the *Additional Standards for Graded Death Benefit for Group Term Life Insurance Policies and Certificates* be deleted and that Section 3.A.(7) be replaced with “not less than 110% of the amount of premiums paid to the time of death.” Comments were made regarding the possible length of the graded period, and a question arose as to whether the interest was simple or compound. The Compact Office confirmed that the graded period in the standard cannot exceed three years. Additional discussion concluded that the amount was intended to be a benefit amount, not an amount that included calculated interest. The change in the language was accepted as presented. Andria Seip said the nine standards are ready for referral to the Management Committee.

Agenda item 3. Discuss request on the 2025 Prioritization list to expand the list of qualified events in the Additional Standards For Waiver of Surrender Charge Benefit.

PSC members discussed some possible qualifying events: home displacement due to a natural disaster, financial hardship, and changes to the federal tax code regarding withdrawals. Andria Seip asked members for comments about property and casualty events as a basis to qualify for waiver of surrender charges in an annuity. Maryland, Oregon, and Washington were concerned about using property and casualty qualifying events for annuities, which fall within the definition of life insurance in most states. Each of these three states conceded that financial hardship might be acceptable, but that natural disaster would be a concern. Andria Seip asked members to check to see if they are receiving requests for additional triggers in their state filings. Vermont said they have not seen any filings. Maryland said that financial hardship is too broad and would not support it without a more specific definition. There was discussion about a public notice to get more information and specific examples of financial hardship. The PSC will continue the discussion on its next call.

Agenda item 4. Discuss request on the 2025 Prioritization list for a new standard for Additional Standards For Bonus Benefits For Individual Adjustable Life Insurance Policies

Karen Givens provided a concise explanation of three types of bonus benefits that Compact reviewers are seeing in universal life forms submissions.

Persistency Bonus – an additional amount paid after a period of time from the date of issue, then monthly thereafter, credited to the policy account value/accumulation value

Account Value Bonus – an additional amount credited to the indexed account at the end of the indexed segment term. The additional amount is separate and distinct from earned interest and not dependent on the operation of the index.

Accumulated Value Enhancement – credits bonus interest amount to accumulation value on every policy anniversary.

Product Standards Committee (PSC)
Regulator-Only call summary
May 20, 2025

The PSC will continue the discussion on the next call.

Agenda item 5. Any Other Matters

There were no other matters.

The next meeting will be a regulator-only call on June 3, 2025.