

July 9, 2025

Interstate Insurance Product Regulation Commission
1101 K Street, NW
Suite 650
Washington, DC 20001

RE: Prioritization of the Development of Uniform Standards for Registered Index-Linked Variable Universal Life Products and Contingent Deferred Annuities

Members of the Product Standards Committee (PSC):

As the PSC considers the requests for development of new and amended standards for 2026, the American Council of Life Insurers (ACLI)¹ would like to address the prioritization for the development of standards for Registered Index-Linked Variable Universal Life (VUL) products and Contingent Deferred Annuities (CDAs) which are currently on the prioritization list for 2025.

The prioritization level for Registered Index-Linked VUL products was initially listed as “Very High”, but it was subsequently downgraded to “Medium”. We request the PSC to restore its level to “Very High”. In addition, the prioritization level for CDAs is currently listed as “Low”, and we request the PSC to increase its level to “Medium”.

Registered Index-Linked VUL Products:

These types of registered products are becoming more prominent in the life and annuities markets, and have been approved in a majority of states, with Oregon being the exception. The development of Compact standards for registered index-linked VUL products will help companies provide uniform administration while enhancing speed-to-market efforts.

By developing standards for registered index-linked VUL products, the Compact would provide clarity and uniformity across the industry with respect to standards for approval. Such standards would simplify regulatory compliance, thereby improving transparency and increasing consumer confidence. Moreover, establishing standards would encourage the adoption of industry best practices, promoting innovation and efficiency. In addition, the recently adopted standards for index-linked annuities provides a potential beginning point that has already been well-vetted and widely supported in the industry.

¹ The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI’s member companies are dedicated to protecting consumers’ financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI’s 275 member companies represent 93 percent of industry assets in the United States.

There are currently three carriers who sell these types of products; however, we believe there are others that currently sell registered index-linked variable annuities who are also interested in bringing registered index-linked VUL products to market. The lack of standards for these products adds a barrier to entry and may be limiting the potential for these types of products. We are also aware that three other carriers have added buffered-like subaccounts to their VUL products, which provides additional support that the potential market opportunity for these products is bigger than it currently is, and that consumers find value in the unique benefits they can provide.

We, therefore, request the PSC to raise the prioritization level for the development of standards for registered index-linked VUL insurance products from “Medium” back to “Very High”.

Contingent Deferred Annuities (CDAs):

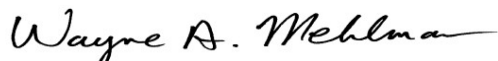
In previous communications with the PSC, we were told that CDAs were given a “Low” standard development prioritization level was because a CDA “is not a product that states commonly receive” and there were concerns that the “lack of commonality among the states in terms of requirements would cost significant time in development”. As of June 2025, some ACLI member companies have received approval for CDAs in more than 40 states and are currently working on gaining approval in the outstanding states. This highlights that states are open to CDAs and have a basis for approval. With these approvals, those ACLI members have launched their CDAs, and this is expected to result in other carriers joining the CDA market.

We understand that the PSC may still have concerns about the potential time it would take to develop standards for CDAs; however, we would be glad to assist the Compact during their development. In addition, below is a link to NAIC Guidance on CDAs from 2015 that we think would be helpful in the development of such standards.

https://content.naic.org/sites/default/files/committee_related_documents/cmte_a_related_cda_guidelines_doc.pdf

We, therefore, request the PSC to elevate its prioritization level for the development of standards for CDAs from “Low” to “Medium”.

Respectfully submitted,



Wayne Mehlman
Senior Counsel, Insurance Regulation
waynemehlman@acli.com