

July 31, 2025

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

RE: Group Fixed Annuity Contract Uniform Standards

Members of the Management Committee:

The American Council of Life Insurers (ACLI)¹ appreciates this opportunity to provide comments on the nine sets of proposed new and amended standards for group annuities and group life insurance.

We support the proposed new standards and amendments, including those provisions that would expand their scope to include non-employer groups. We also appreciate that the Product Standards Committee agreed to our previous request to revise Section 3.A.(7) of the *Additional Standards for Graded Death Benefit for Group Term Life Insurance Policies and Certificates* so that it reads: “*The amount of reduced early duration death benefits for death from natural causes shall not be less than 110 percent of the amount of premiums paid to the time of death*”.

We would now like to submit the following additional comments on the proposed amended *Group Fixed Annuity Contract Uniform Standards*.

First, while we support the idea to amend standards to allow for non-employer groups, we believe that the newly-added paragraph in the Scope section is meant to express that Compact approval is not necessarily sufficient to authorize the issuance of a product in a particular jurisdiction, which is always subject to state law and potential review within that jurisdiction. While supportive of that principle, we are proposing the following changes to that paragraph to clarify that that is indeed the intent and that additional state approval beyond that may not be required:

Scope (second paragraph):

*With respect to non-employer groups, **notwithstanding any** approval of a group contract and certificate by the Commission, **authorization to use such group contract in respect of any non-employer group shall in all cases be subject to the applicable laws of the applicable Compacting State, including any further approval from such Compacting State***

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.

~~to the extent required under such laws. shall not be deemed as approval to use or issue the product to a non-employer group. A non-employer group must be approved or permitted by the Compacting State as required under the applicable state laws and procedures before a product filing approved by the Commission pursuant to the applicable group Uniform Standards may be issued to a non-employer group.~~

Second, the proposed amended standard, for the first time, distinguishes between an “Employer Group” and a “Non-Employer Group” and defines an “Employer Group” as “An employer, or the trustees of a fund established by **an** employer.” Based on the language referring to “an” employer (i.e., one employer), the Compact is taking the position that a multiple or pooled employer plan is not an “Employer Group” and instead will fall under the definition of a “Non-Employer Group” once the amended standard is finalized.

The proposed definition of “Non-Employer Group” would be legally and practically very problematic for insurers selling contracts to pooled employer plans (PEP), multiple employer plans (MEP) and multiemployer (Taft-Hartley) plans for the following reasons:

- Subsection (a) raises issues as to ERISA preemption, such as whether state law may dictate if an employer is allowed to join the plan.
- Subsection (b) would exclude PEPs given that providing the pooled plan is the only reason a PEP is formed.
- Subsection (c) would also exclude PEPs given the legal requirement that, in a PEP, at least one participating employer does not have interests in common any other participating employer.

Therefore, we would like to propose the following edits to both the new definition of “Employer Group” and the Scope section to make it clear that a MEP, PEP and multiemployer plan each is an “Employer Group” and that state law applies except if preempted by Federal law. Our edit within the new definition – “... *to insure, to any extent, employees...*” – is in recognition that not every employee covered by a plan will necessarily be covered by the insurance contract, for example, where a 401(k) plan purchases a group annuity as a stable value type of investment option and allows participants to direct the investment of their plan account. In that situation, some employees might not direct any of their account into the contract option or might have varying allocations to the contract over time.

New Definition of “Employer Group”:

“Employer Group” for purposes of this Uniform Standard is defined to include the following:

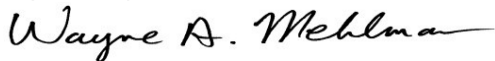
a) An employer, ~~a retirement plan in which more than one related or unrelated employers participate, or the trustees of a fund established by, pursuant or in relation to an employer any of the foregoing, which shall be identified as or be~~ deemed to be the Contractholder, to insure, to any extent, employees of the employer(s), and if applicable their dependents, for the benefit of persons other than the employer(s) and must be authorized to operate under the laws of the jurisdiction where the contract or certificate is delivered or issued for delivery, to the extent applicable and not preempted by Federal law.

Scope (first paragraph):

*These standards are intended to apply to paper or electronic group immediate or deferred fixed annuity contracts that are issued to ~~employers, or the trustees of a fund established by an employer~~ employer groups and non-employer groups, as described herein, provided the groups are authorized **to operate** under the jurisdiction where the policy is delivered or issued for delivery and pursuant to either a defined benefit or defined contribution **retirement plan (“retirement plan”)** ~~and are permitted in the jurisdiction where the contract is delivered or issued for delivery.~~ These contracts may ~~include be used~~ but are not limited to Pension Risk Transfers. The standards apply to annuity contracts that provide fixed annuity payments where funds are held in the General Account or in a book value Separate Account where the amount of the benefits paid under the contract pursuant to the guarantees will not vary with the investment performance of the Separate Account. The insurance company guarantees all annuity payments purchased under the contract. The contract provisions reflect the provisions of the Plan. The contracts may provide benefits to eligible Plan participants who are Annuitants and their Beneficiaries or Alternate Payees. Separate additional standards apply to group annuity certificates.*

Thanks again for this opportunity to provide comments. If you have any questions, please feel free to contact me.

Respectfully submitted,



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