



DATE: February 6, 2026

TO: Insurance Compact Management Committee

FROM: Product Standards Committee

RE: PSC Recommendation not to pursue the request to Expand the Triggers for the Waiver Benefit in the Additional Standards for Waiver of Surrender Charge Benefit

The Product Standards Committee (PSC) reviewed a request on the 2025 Uniform Standards Development Prioritization list to amend the *Additional Standards for Waiver of Surrender Charge Benefits* for individual annuities to expand the triggers for the waiver benefit such as home displacement due to natural disaster and situations of financial hardship. Due to the limited support among the committee members and the minimal industry feedback, the PSC recommends no amendments to expand the triggers for the waiver of surrender charge benefit in the above-referenced standard.

The PSC began discussing the request on April 15, 2025. PSC members said they had not received requests for expanded waiver of surrender charge, or even waiver of premium, triggers in state filings. Some PSC members expressed concern that benefit triggers based on natural disasters turned the annuity benefit into a property and casualty benefit that would not be permitted under definitions of life insurance in state law. Other members said a benefit trigger for financial hardship needed further examples to develop a standard.

To gather more input, the PSC issued a Request for Information. The request included ten questions and was issued on June 16, 2025, with a response date of August 5, 2025. The PSC received responses from three states, two companies and the ACLI. The PSC also held a public call on August 5th to receive oral comments.

There were six written responses to the Request for Information. ACLI provided an oral comment that the Compact consider industry practices to ensure that carriers can continue to voluntarily provide flexibility due to natural disasters, pandemics, and involuntary employment interruptions. After reviewing the six responses and the lack of comments on the public call, the PSC again asked members if they had found examples in state filings. Only one state said it had received a filing asking to use financial hardship as a qualifying event. The state asked the filer to define financial hardship but did not receive a response with a definition and closed the filing.

After reviewing the feedback and examining state filing experience, the PSC provides the following reasons for its recommendation of no action on this request:

- No significant evidence of requests to expand triggers for waiver benefits in state filings.
- Regulatory concerns regarding the appropriateness of natural disaster events under life insurance standards.
- Limited support for adding financial hardship absent a clear definition.
- Minimal stakeholder engagement during the public call and RFI process.

The PSC suggests monitoring filings and revisiting the request if there is more evidence of a need to amend the uniform standard.