

Agenda Item 2. Receive public comments on the PSC proposed recommendations to the Management Committee regarding comments received on the proposed amendments to the Additional Standards for Guaranteed Living Benefits for Deferred Variable and the Additional Standards for Guaranteed Living Benefits for Non-Variable Annuities.

Mary Mealer, Missouri, Chair of the Product Standards Committee (PSC) noted that the Management Committee referred two comments about the proposed amendments to the Additional Standards for Guaranteed Living Benefits to the Committee for review. The first was a comment from Jackson National Insurance Company suggesting that the Filing Information Notice 2012-2 which has been in effect since 2012 be rescinded and that the explanatory drafting note included in the proposed amendments to these standards referencing the requirements in that Filing Notice also be deleted. In its written comments, the company expressed the position that Guaranteed Minimum Withdrawal Benefits qualify as additional benefits, not annuities and should therefore be disregarded within the scope of Section 4 of the NAIC Model Standard Nonforfeiture Law For Individual Deferred Annuities. Ms. Mealer stated that the PSC discussed the comments and the history of the Filing Information Notice. The regulators expressed no change in the position they held in 2012 when the Filing Notice was issued; therefore the PSC is not recommending any change to the proposed amendments originally submitted to the Management Committee. There were no comments regarding this recommendation.

The second set of comments were from the Utah Insurance Department in which they expressed the opinion that the addition of certain qualifying events that allow for increased withdrawal amounts in the proposed amendments appears to allow certain long-term care type benefits to be provided through products not subject to the IIPRC uniform standards for individual long-term care insurance. It was noted that during the review of this issue, Committee members reviewed their state specific filings and noted that they do receive and allow such products. Some states have restrictions if the products appear to fall under the definition of long-term care.

The Chair noted that the PSC is recommending some changes to the proposed amended standards to address this concern as well as the concern that the first trigger in the definition of “Qualifying Event” related to confinement in a healthcare facility appears to be inconsistent with the added Scope language that the standards do not apply if the benefit is contingent on the covered person’s receipt of long-term care services or support. The proposed revisions include deleting the first Qualifying Event trigger and adding a sentence in the Variability of Information section to provide a limitation on the extra benefit that is available due to qualifying events so the benefit is incidental to the annuity benefit provided.

Tom Kilcoyne from the Pennsylvania Department of Insurance noted that their state’s preference was to go with these recommended changes; however in response to the comments submitted by the Industry Advisory Committee in opposition to deleting the first qualifying event trigger, they submitted a suggested alternative. The proposal would include rephrasing the proposed addition to the Scope to state “If the product is described as long-term care insurance or as providing long-term care benefits, such product will be subject to the Interstate Insurance Product Regulation Commission standards for individual long-term care insurance.” They also proposed consideration of the additional *Disability* benefit triggers (vi) and (vii) found in the definition of

Disability in the Group Disability Income Insurance Policy and Certificate Uniform Standards For Employer Groups in place of the first qualifying event trigger.

Scott Zweig of Phoenix Life spoke on behalf of the Industry Advisory Committee in support of Pennsylvania's revised suggestions and proposed that the revised qualifying event state:

The Covered Person is: (a) confined to a skilled nursing home or rehabilitation facility; or (b) receiving home health care or hospice care.

The confinement or care may have to be continuous for the Elimination Period. The GLB form shall define the terms "skilled nursing home," "rehabilitation facility," "home health care" and "hospice care" in relation to the level of skill required, the nature of the care and the setting in which care shall be given.

Tomasz Serbinowski, Utah, stated that he preferred deleting the first qualifying event and that he believed that the benefits under the Group Disability Income Insurance Uniform Standards were limited to age 65. He asked if the PSC would consider limiting benefits for this qualifying event trigger to one year. Ms. Mealer noted that she did not share his opinion that these products could be considered long-term care insurance.

There were no further comments on the proposed recommendations regarding the Additional Standards for Guaranteed Living Benefits.

Agenda Item 3. Receive public comments on the draft IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 6 Long-Term Care Insurance).

Ms. Mealer noted that the IIPRC Office distributed the first draft of the IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 6 Long-Term Care Insurance) with the call notice. Written comments were received from the Consumer Advisory Committee (CAC). Fred Nepple, representing the CAC, summarized the CAC's opposition to adding a non-duplication of benefits provision, noting that the CAC believes circumstances have not changed since the uniform standards were initially drafted. The CAC believes the PSC should refer this request to the NAIC Senior Issues Task Force to consider all associated issues. Mr. Nepple stated that if the PSC did consider such a proposal, they should include consumer protections for non-duplication provisions and ask the Actuarial Working Group to consider rating issues related to such a provision.

There were no further comments about the IIPRC Office Report and Recommendation to the Product Standards Committee.

Agenda Item 4. Receive public comments on the request from the Connecticut Insurance Department to Address the War Exclusion Provision in the Uniform Standards for Individual and Group Life Insurance Policies

Ms. Mealer stated that the Management Committee requested that the PSC review a request from Connecticut Commissioner Katharine Wade for clarification with respect to the war exclusion provision found in the life insurance Uniform Standards. The Compact legislation is currently under consideration by the Connecticut General Assembly and Connecticut has expressed concern that Section (1)(a)(ii) of the war exclusion provision in the Uniform Standards could be construed to permit a death benefit exclusion for known members of the military that die in combat. Ms. Mealer noted that the call materials included a copy of the exclusion with the proposed deletion of Section (1)(a)(ii), and that the PSC was accepting comments on this suggestion.

No written comments were received and no comments were made on this proposal during the call.

Agenda Item 5. Any other matters.

The Chair noted that the Product Standards Committee would consider the comments received and over the next few weeks will finalize its recommendations to the Management Committee about the proposed amendments to the Additional Standards for Guaranteed Living Benefits and provide feedback to the Management Committee about the request from Connecticut related to the war exclusion. The PSC will also begin discussions about the 5-Year Review of the Long-Term Care Uniform Standards and will schedule Public Calls as needed to continue to receive input from interested parties during this process.