

**Agenda Item 2. Receive an overview of the initial draft amendments to *Additional Standards for Waiver of Premium Benefits* and *Additional Standards for Waiver of Monthly Deductions* to add additional qualifying triggers besides total disability.**

Mary Mealer, Chair of the Product Standards Committee (PSC) noted that the Management Committee has approved the PSC recommendations regarding two new standards - *Single Premium Group Fixed Annuity Contract Uniform Standards* and *Additional Standards for Return of Premium for Individual Disability Income Insurance*, and those standards would now go through the rulemaking process. She stated that the PSC would now move on to addressing other standards on their workplan.

The Compact staff provided an overview of the proposed amendments to the *Additional Standards for Waiver of Premium Benefits* and *Additional Standards for Waiver of Monthly Deductions* to add additional qualifying triggers beyond the existing total disability trigger. She noted that the proposed changes were based on language found in the *Additional Standards for Waiver of Surrender Charge Benefit*, an existing annuity benefit Uniform Standard. It was explained that the changes to each standard were basically the same, just slight changes in terminology to address premium and monthly deductions respectively.

Pennsylvania suggested adding language to make it very clear both in the title and Scope that this standard is for more than just total disability. Iowa suggested adding a sixth “activity of daily living” for grooming/personal hygiene which is slightly different than dressing and bathing. The PSC agreed to expose the draft for comment with a goal to receive comments over the next few weeks and hold a public call on July 23<sup>rd</sup>.

**Agenda Item 3. Discuss public comments received for the draft of the *Uniform Standards for Group Guaranteed Interest Contracts for Non-Variable Annuities for Employer Groups*.**

The Compact staff reviewed the public comments received to date on the initial draft of the *Uniform Standards for Group Guaranteed Interest Contracts for Non-Variable Annuities for Employer Groups*.

The PSC agreed to add a definition of “Contractholder” to the definitions as used in the Uniform Standard, consistent with the *Single Premium Group Fixed Annuity Contract Uniform Standards*.

**“Contractholder” means the person or entity to whom the contract is issued.**

In response to the comment from ACLI asking if enrollment forms need to be filed, it was noted that the group annuity insurers who provided input during the drafting process did not believe enrollment forms needed to be filed. Several states indicated that if the enrollment form was not a part of/attached to the contract, it did not need to be filed. Absent any detail documenting a need for the Compact to review enrollment forms, the PSC was not inclined to make a change.

In response to the ACLI comment that not all insurance departments may require a description of the contract in the actuarial memorandum, the Insurance Compact Office noted that this is standard language in all Uniform Standards that have actuarial memorandum requirements. The PSC did not

agree that it was reasonable to have no explanation of the contract and its provisions in the actuarial memorandum, and did not wish to make any change.

Under the Statement of Variability provisions, the PSC agreed to add investment provisions as a variable item for clarity in § 1C(2).

Variability shall be limited to contract definitions, periods of time, percentages, numerical values, investment provisions, benefits available, benefit schedules and amounts, eligibility rules and other Plan parameters or contract provisions that are subject to, or otherwise comport with the contractholder's Plan design or the underwriting standards of the insurer issuing the contract.

Under § 1C(4), the ACLI commented that the provision should be the same as was in the certificate standards. The Compact office noted that the language is identical to the language in the *Single Premium Group Fixed Annuity Contract Uniform Standards*, except that the "etc." was deleted from those standards. The only difference between this and the group annuity certificate standards is that those standards include "certificateholder and certificate number" which would not be applicable to these contract standards, and those standards do not include "the jurisdiction where the contract is delivered or issued for delivery" since that applies to the contract, not the certificate. The PSC agreed that deleting "etc." was fine, but no other change should be made.

The PSC noted they previously discussed the ACLI comment about consistency between § 2A(2) and 2B (1) during the review of the Pension Risk Transfer standards. The language is standard language in all Insurance Compact policy and contract uniform standards and is intended to address content of the certificate and is a consumer-friendly method for the certificateholder to quickly see the title of the certificate and name of the insurance company. The PSC concluded no change was needed.

In § 2B(3) the PSC agreed to correct the typographical error so that the provisions states:

The cover page or first page of the contract shall ~~may~~ include a telephone number of the insurance company and, if available, some method of internet communication.

In § 2 C(2) the PSC noted the ACLI's comment that most states request the disclosure for a participating contract to be listed on the cover page. They agreed to the following change:

If the contract is a participating contract, the contract cover page or first page, or the specifications page shall indicate that the dividends are not guaranteed. In addition, if the insurance company does not intend to credit dividends, then the contract specifications/data page shall state that dividends are not expected or anticipated to be paid.

The PSC agreed to the following changes under § 3 Terms and Concepts in order to be consistent with other drafted group annuity Uniform Standards:

(2) "Annuitant" means a person ~~upon whose life annuity payments depend~~ identified in the annuity schedule entitled to receive one or more annuity benefits.

(3) “*Annuity Start Date*” means the date on which ~~income payments commence~~ annuity payments purchased under the contract begin.

(4) “*Annuity Form of Annuity*” means the types of annuities available to the *Annuitant* such as Life Annuity, Period Certain Annuity, Joint Annuity, and Joint and Survivor Annuity.

(18) “*Plan Administrator*” means the person or entity designated by the Plan or by the employer to manage the retirement *Plan*.

(20) “*Plan Sponsor*” means the person or entity that establishes or maintains the *Plan*.

In reference to the comment from the Oregon Division of Financial Regulation that the standards allow for a guaranteed minimum interest rate of 0% rather than greater than 0, it was noted that during development of the draft, group annuity writers indicated that a guaranteed minimum interest rate of 0% is needed and is approved by states in current filings. PSC members were asked if any states had requirements for greater than 0% and no member responded affirmatively. More information regarding the underlying basis for the requested minimum will be solicited from interested parties.

The Oregon Division of Financial Regulation also asked to clarify whether “rate reset” applies to the current rate and/or a guaranteed minimum interest rate. It was noted that the definition refers to the credited rate, so would be the rate other than the guaranteed minimum. It was suggested that when the draft is exposed a second time, that clarifying language be solicited.

The PSC agreed to continue the discussion starting with § 4 – Contract Provisions on the next member call.

#### **Agenda Item 4. Any Other Matters.**

The Chair stated that the next PSC call will be a public call on June 25<sup>th</sup> to hear comments on the revisions to the *Group Annuity Certificate Uniform Standards for Employer Groups*.