

**Agenda Item 2.** Comments from the March 1, 2022, Public Call

There were no written or oral comments on the Phase 9 Five-year Report or the charter and work plan. Jason Lapham asked if there were comments from PSC members. There were no comments. The PSC will refer the Five-Year report to the Management Committee. Jason Lapham asked if there were comments on the ACLI presentation on the Individual Disability Key Person (KPR) and Buy-Sell Draft Uniform Standards. Jason Lapham said the ACLI presentation was helpful in understanding these two products. He asked if there were any questions or comments about the charts ACLI provided in response to the questions from the PSC. Committee members said the charts were helpful.

**Agenda Item 3.** Begin Discussion of the Individual Disability Buy-Sell Uniform Standards

Jason Lapham said that the Compact Office inserted the comments from the ACLI chart into the draft standards. He asked the Compact Office to walk through each comment.

PSC members had questions about several definitions:

***“Benefit Factor/Benefit Period”*** means, subject to satisfaction of all policy terms and conditions ~~by the owner or assignee~~, the length of time **or number of periodic payments for which a Disability Buy-Sell benefit may be paid.** ~~for which a Disabled owner or assignee can be paid periodic (usually monthly) Disability Business Overhead Expenses under the policy. A policy shall provide for at least three consecutive months of periodic Disability Business Overhead Expense benefits, subject to the requirements of §2. A. (7). If there is a maximum Benefit Period, the maximum shall be stated in the policy.~~

The addition of benefit factor to the definition of period was confusing. Members wondered if there should be a separate definition for benefit factor.

***“Maximum Benefit Amount”*** means the amount payable to the Owner(s). This amount is the lesser of the Aggregate Benefit Amount stated in the policy specifications; and Fair Market Value; and Purchase Price.

The members had questions about the definitions of Maximum benefit amount, Fair Market Price, and Purchase Price and how these referred back to the Aggregate Benefit Amount definition. It appears that the amount payable is the lesser of the amount in the specifications page of the policy,

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the Purchase Price or the Fair Market Value. Members will look for examples in state-approved policy forms.

*“Buy-sell Agreement”* means the written agreement between the insured and the owner(s) establishing the purchase of the insured’s entire ownership interest in the *Business/Company* in the event of the insured’s *Total Disability*

The members asked to see examples of buy sell agreements.

*“Continuable with Guaranteed Premiums”* means this policy may be terminated only as stated in the termination provision and premiums are guaranteed.

Members asked to see examples in existing policies.

#### **Required Provisions**

*Benefit Payment Methods.* The methods and amounts of benefit payments will be displayed on the specification page. Any amount paid will be equal to or less than the actual *Purchase Price* or the policies benefit amount but not to exceed the *Aggregate Benefit Amount*

The members had questions about the reference to the Aggregate Benefit Amount.

The PSC will continue its review at the next call. Jason Lapham suggested PSC members research policies in their state filings. The Compact Office will provide some examples for the next call.

#### **Agenda Item 4.** Notice for annual prioritization

The Compact Office advised the PSC that the annual Prioritization notice for requests for 2023 uniform standards will be issued. Requests are due June 30, 2022.

#### **Agenda Item 5.** Any Other Matters

Jason Lapham said that the next meeting of the PSC would be a regulator-only meeting on April 12. There were no other matters.