



MEMORANDUM

TO: Insurance Compact Management Committee

FROM: Product Standards Committee

DATE: October 13, 2020

SUBJECT: **Additional Standards for Qualifying Events for Waiver of Premium Benefits**
Additional Standards for Qualifying Events for Waiver of Monthly Deduction Benefits
Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance

The Product Standards Committee (“PSC”) of the Interstate Insurance Product Regulation Commission (“Commission”) is charged with developing proposed drafts of Uniform Standards. In carrying out its charge, the PSC submitted drafts for the following standards to the Management Committee in December 2019. The Management Committee held a public hearing on February 24, 2020. The Management Committee received a request for additional review and returned the standards to the Product Standards Committee to consider the request.

The Product Standards Committee has completed its review of the request and recommends that the Management Committee initiate the rulemaking procedure¹ with respect to these revised proposed uniform standards:

- **Additional Standards for Qualifying Events for Waiver of Premium Benefits**
- **Additional Standards for Qualifying Events for Waiver of Monthly Deduction Benefits**
- **Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance**

The first recommendation is to initiate the rulemaking procedure with respect to amendments to two existing life insurance benefit standards: *Additional Standards for Waiver of Premium Benefits* and *Additional Standards for Waiver of Monthly Deduction Benefits*, to add additional qualifying events beyond the current total disability trigger. Pursuant to §103 of the *Rule for Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission*, on June 19, 2019, the Commission issued notice requesting comments on the proposed draft

¹ The rulemaking procedure is set forth in the *Rule for Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission*.

amendments for these Uniform Standards. The drafts were developed through the PSC using the existing triggers found in the annuity *Additional Standards for Waiver of Surrender Charge Benefit*. The proposed amendments are identical, with one set of Uniform Standards for waiver of premium and the other for waiver of monthly deduction.

The Committee recommends these uniform standards continue to be available for Mix and Match to be used in combination with State Product Components as described in §111 of the IIPRC *Operating Procedure for the Filing and Approval of Product Filings*. The PSC also recommends that filings submitted under these Uniform Standards continue to be subject to prior review and approval and not self-certification.

The PSC made extensive revisions to the standards based on written comments from the ACLI. The PSC exposed updates to the drafts for public comment and held a public call to obtain further input. Written comments were received from the ACLI and a company filer.

As a result of suggestions from the Consumer Advisory Committee representative, the PSC made technical and clarifying revisions to the drafts. These changes are summarized in the attached charts.

The second recommendation is to propose new Uniform Standards, the *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*. These uniform standards closely mirror the existing annuity *Additional Standards for Waiver of Surrender Charge Benefit*. The proposed Uniform Standards were posted for comment on October 16th and were the subject of a public call. Written comments were received from the ACLI and a company filer.

The PSC considered several technical and clarifying edits as a result of the submitted comments. These edits are summarized in the attached charts.

Given the extensive, transparent, and documented drafting process preceding these recommendations, the PSC suggests that any additional comments or concerns about these recommended Uniform Standards be raised, considered, and discussed by all members and interested parties during the Management Committee's formal rulemaking process.

The PSC is available to respond to any questions or requests for information to assist the Management Committee.