

**SUMMARY OF THE PRODUCT STANDARDS COMMITTEE RESPONSE TO COMMENTS REGARDING
THE PSC-RECOMMENDED AMENDMENTS TO GUARANTEED LIVING BENEFITS UNIFORM
STANDARDS CURRENTLY BEING CONSIDERED BY THE MANAGEMENT COMMITTEE**
Additional Standards For Guaranteed Living Benefits For Deferred Variable and the Additional Standards For
Guaranteed Living Benefits For Non-Variable Annuities

| Standards Provision | Comment | Product Standards Committee (PSC) Response to Comments |
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| <p>ADDITIONAL SUBMISSION REQUIREMENTS - ACTUARIAL MEMORANDUM Section 1.B.(1)</p> | <p>Jackson National Insurance Company submitted comments that they believe a Guaranteed Minimum Withdrawal Benefit qualifies as an additional benefit, not an annuity and should thus be disregarded within the scope of Section 4 of NAIC Model #805 the Standard Nonforfeiture Law For Individual Deferred Annuities. The Company states that the Insurance Compact’s interpretation of the application of Model Law #805 prevents companies from charging policyholders for contract options which they desire to purchase and receive benefit from. The company suggests deleting the proposed Drafting Note and rescinding Filing Information Notice 2012-2 which has been in effect since 2012.</p> | <p>The PSC discussed the history of Filing Information Notice 2012-2 and the Actuarial Working Group’s conclusion in 2012 that member states viewed Guaranteed Living Benefits as annuity benefits and agreed that therefore that the charges could not be disregarded when determining the SNLFA minimum nonforfeiture amounts. The PSC members noted no change to the member states conclusions from 2012, and did not believe the FIN should be rescinded. Because the proposed Drafting Note is meant to alert the filer to the requirements found in the FIN, the PSC is not recommending any change to the proposed Drafting Note.</p> |
| <p>Definition of “Qualifying Event” and ADDITIONAL SUBMISSION REQUIREMENTS VARIABILITY OF INFORMATION</p> | <p>The Utah Insurance Department commented that the addition of certain qualifying events that allow for increased withdrawal amounts in the proposed amendments appear to allow certain long-term care type benefits to be provided through products not subject to</p> | <p>During the PSC’s discussion 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. Pennsylvania also noted that the first trigger in the definition of “Qualifying Event” related to confinement in a healthcare facility appeared inconsistent</p> |

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| <p>Section 1</p> | <p>the standards established by the IIPRC for individual long-term care insurance. They noted that for long-term care insurance the Uniform Standards “shall not provide less than those protection set forth in the National Association of Insurance Commissioners’ Long-Term Care Insurance Model Act and Long-Term Care Insurance Model Regulation, respectively, adopted as of 2001.” The Utah Department noted that the standards do not provide any limitation on the amount of withdrawal benefit or the duration which could demonstrate that these benefits are not long-term care benefits.</p> | <p>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.</p> <p>The PSC considered deleting the first Qualifying Event; however these products are currently in the market place and approved in virtually all member states.</p> <p>The PSC suggests that the Management Committee consider amending the language in the second paragraph of the Scope as follows to address potential inconsistency:</p> <p><u>Products subject to these standards shall not be described as long-term care insurance or as providing long-term care benefits. 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.</u></p> <p>The PSC also suggests adding the following provision to the Variability of Information section to provide a limitation on the extra benefit based on qualifying events so the benefit is incidental to the annuity benefit provided:</p> <p>(3) The guaranteed period withdrawal percentage and the guaranteed lifetime withdrawal percentage used in the calculation of the increases for a qualifying event election may be considered a variable item and marked</p> |
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| | | to denote variability. <u>Any qualifying event benefit increase shall not exceed twice the benefit amount otherwise payable, nor shall the benefit period be increased.</u> |
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