

Product Standards Committee (PSC)
Call Summary
November 15, 2022

Agenda Item 2. Status report on the Employer Group Whole Life Uniform Standard Subgroup

Mary Block said the group has completed its work on the first draft. The draft will be presented to the PSC on its next call. The subgroup plans to have a public call to expose the draft and to get written responses on questions for the ACLI. Andria Seip, Vice Chair of the PSC, said it would be helpful for PSC members to receive the draft in advance of the next PSC meeting so they would have time to review and prepare comments before the meeting.

Agenda Item 3. Status Report on the Index-Linked Variable Annuity (ILVA) Uniform Standard draft.

The Compact Office said that North Carolina, Utah, Colorado, Maryland, and Connecticut have volunteered for the subgroup. The Compact Office will contact the subgroup members to find a date for the first meeting.

Agenda Item 4. Review proposed changes to expand the scope of Single Premium Group Annuity Contract Uniform Standards for Employer Groups

Karen Givens, of the Compact Office, presented a draft of the proposed revisions to the Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups. Karen said the scope is being expanded to accommodate many group immediate or deferred fixed annuity contracts that are issued to employers under either a defined benefit (traditionally PRTs & terminal funding contracts) or defined contribution plans (401ks). The Compact has had several pre-filing inquiries from companies asking if they could file group annuity contracts with us that are issued to employers of 401k plans in which annuities can be purchased for plan participants.

The Compact has approved group annuity contracts more commonly referred to as “close out contracts” under these Standards. It is common to use “terminal funding contracts” and “close out contracts” interchangeably, but there are distinctions. Close out contracts are group annuity contracts issued to trustees of a pension plan where the plan transfers liability for the payment of pension benefits to an insurance company in exchange for a lump sum payment. Terminal funding contracts are group annuity contracts issued to trustees of a pension plan for the purchase of immediate annuity benefits to pay pension benefits as plan participants separate from service due to retirement, disability, or death. Unlike close out contracts, these arrangements typically involve active pension plans where multiple single sum payments are made under the contract on an ongoing basis as each annuity is purchased.

Karen said that the title of the standard would be changed to Group Fixed Annuity Contract Uniform Standards for Employer Groups.

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PSC members were asked to review the draft. Questions and comments will be discussed on the next call.

Agenda Item 5. Any Other Matters

Karen Schutter thanked Mary Block and the members of the Employer Group Whole Life Subgroup for their work in preparing the first draft of the standard. Andria Seip said the next meeting of the PSC will be a regulator-only call on December 6. There were no other matters.