



**DATE:** March 18, 2024

**TO:** Insurance Compact Management Committee

**FROM:** Product Standards Committee

**RE:** **Draft Amendments to the Additional Standards for Annuities to allow for use with Index-linked variable annuity products including amendments to address the calculation of the initial benefit base for Guaranteed Minimum Accumulation Benefit (GMAB) features under the *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities***

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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 has finalized the following draft amendment to uniform standards in the individual annuity product line. The PSC is recommending that the Management Committee initiate the rulemaking procedure<sup>1</sup> with respect to the amendments to these proposed uniform standards:

- Additional Standards for Index-Linked Crediting Feature for Deferred Non-Variable Annuities and the General Account Portion of Individual Deferred Variable Annuity Contract
- Additional Standards for Bonus Benefits for Individual Deferred Non-Variable Annuity Contracts
- Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts
- Additional Standards for Market Value Adjustment Feature Provided through the General Account
- Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities
- Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Variable Annuities
- Additional Standards for Waiver of Surrender Charges Benefit

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

This recommendation is to initiate the rulemaking process with respect to the amendments to these uniform standards.

The Committee recommends these uniform standards 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.

In January, the PSC recommended a new *Standard for Individual Deferred Index Linked Variable Annuity (ILVA) Contracts (commonly referred to as Registered Index Linked Annuities)*. The PSC and its ILVA Subgroup develop and recommend to the Management Committee amendments to the above-referenced Additional Standards to accommodate use with ILVA products.

The PSC also addressed an item on the 2024 Uniform Standards Development Priority List to address the benefit base one of the above-referenced *Additional Standards*, specifically Section 3(C) of *Additional Standard for Guaranteed Living Benefits for Individual Deferred Variable Annuities*. Please note that the PSC expects to finalize this Section during its regulator-only meeting on March 12<sup>th</sup>. If it is not able to finalize, this particular Standard will not be included in this transmittal.

The Product Standards Committee published draft amendment at the end of January and held a public call on February 13, 2024, to receive comments. The subgroup received one joint comment from ACLI and the Council of Annuity Insurers (CAI). The PSC determined that the suggested edits were not needed. The PSC did make further changes to Section 3(C) based on comments received from members of the ILVA Subgroup, which were not in previous public drafts.

Further, the PSC recommendation includes amending the title of the Variable Bonus Benefit Standard as follows *Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts or Individual Deferred Indexed-Linked Variable Annuity Contracts*.

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.