

June 26, 2024

Interstate Insurance Product Regulation Commission  
444 North Capitol Street, NW  
Hall of the States, Suite 700  
Washington, DC 20001

**RE: *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities or Individual Deferred Index Linked Variable Annuity Contracts***

Members of the Management Committee:

The American Council of Life Insurers (ACLI) and the Committee of Annuity Insurers (CAI) appreciate the opportunity to submit comments to the Management Committee on its exposed draft of revisions to the Compact's *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities or Individual Deferred Index Linked Variable Annuity Contracts* ("Additional Standards for GLBs").

We strongly support the efforts of the Product Standards Committee ("PSC") to develop revised product standards that cover a range of guaranteed living benefit ("GLB") designs being offered in the marketplace. Specifically, we appreciate the updates made to the Additional Standards for GLBs to include Guaranteed Minimum Accumulation Benefits ("GMABs") and other GLBs that offer guarantees based on a benefit base of less than 100% of premium payments. While we have advocated for a broader standard that would include protected income solutions not tied to a guaranteed benefit base ("Protected Income Solutions"), we understand the PSC's stance that such designs may not fit neatly within the existing GLB standards. We are encouraged by the Compact Staff's suggestion that this may be best addressed in a new standard that could be created towards the end of the third quarter or beginning of the fourth quarter of 2024.

Protected Income Solutions, while available in the variable annuity marketplace, are more prevalent in the index linked variable annuity ("ILVA") space. As with GLB benefits, Protected Income Solutions provide longevity protection by continuing lifetime income payments even after the account value is exhausted. Unlike GLB benefits that are tied to a guaranteed benefit base and typically provide a level income for life, Protected Income Solutions allow income growth not only during the deferral period but also during the income period (i.e., once income payments begin) to better maintain the real value of income payments over time. The advantage of this benefit structure for contract owners is the potential to protect against the loss of buying power every year due to inflation.

Protected Income Solutions allow the income payments to increase, decrease, or stay the same based upon the index performance of the index strategies chosen, subject to the levels of downside protection included in those index strategies, including the option of full downside protection, as chosen by the contract owner based upon their risk tolerance. Those contract owners that elect to have less than complete downside protection will typically have a higher growth opportunity for future income payments. The design allows contract holders to choose the levels of downside protection and growth potential that aligns to their risk tolerance, while offering the flexibility to adjust as their needs change

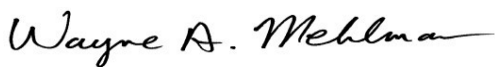
throughout retirement, including the ability to lock in a minimum income amount by electing index strategies with full downside protection. No minimum floor on protection is required beyond that.

Protected Income Solutions are an important benefit design that does not fit into the language in the proposed Additional Standards for GLBs. Adoption of a Protected Income Solution standards by the Interstate Compact will facilitate filings of ILVAs through the Interstate Compact. They are already well established in the ILVA market since 2018, and have been approved through the vast majority of state insurance departments. Therefore, it is likely that member states would support a new standard for Protected Income Solutions.

We appreciate the Interstate Compact's work on these Additional Standards for GLBs and look forward to working with it on new standards to allow approval of the Protected Income Solutions.

Respectfully submitted,

**AMERICAN COUNCIL OF LIFE INSURERS (ACLI)**



Wayne Mehlman  
Senior Counsel, Insurance Regulation  
[waynemehlman@acli.com](mailto:waynemehlman@acli.com)



Brian Bayerle  
Chief Life Actuary  
[brianbayerle@acli.com](mailto:brianbayerle@acli.com)

**COMMITTEE OF ANNUITY INSURERS (CAI)**

For the Committee of Annuity Insurers, By:



Eversheds Sutherland (US) LLP  
[stevero@eversheds-sutherland.com](mailto:stevero@eversheds-sutherland.com)  
[maureenadolf@eversheds-sutherland.com](mailto:maureenadolf@eversheds-sutherland.com)