

Product Standards Committee (PSC)
Regulator Call Summary
November 12, 2024

Agenda Item 2. Discuss draft Additional Standards for Graded Death Benefit for Group Term Life Insurance Policies and Certificates

Andria Seip, Chair of the Product Standards Committee, asked for comments about provisions that reference standard nonforfeiture. Andria Seip asked if these sections should be referred to the Actuarial Working Group. Utah asked about the length of the graded death period. The current draft allows a period of up to three years. Maryland commented that the state has never seen anything longer than three years. There were suggestions that the actuarial memorandum describe the actual death benefit paid during the graded death period. Andria Seip asked the PSC members to consider how the sections could be modified. She said the value of the benefit has to be clear in the actuarial memorandum. She asked members to review the requirements in their states.

There was discussion of the general form requirements on the specifications page. PSC members said that B. (1) should remain as drafted.

Maryland suggested an edit to B. (3) to add “If the policy generates cash values” to the beginning of the section:

(3) **If the policy generates cash values**, the tabular presentation of cash values and paid up nonforfeiture benefits, whether on the Specifications Page or otherwise, shall include a corresponding presentation of the early duration reduced benefits for death from natural causes and the ultimate death benefit for subsequent certificate years.

There was discussion about the interest rate used to calculate the benefit paid during the graded death period and if there is a minimum interest rate. The Compact Office will provide information on the next call.

Agenda Item 3. Discuss Compact Office Memo on the Request for guidance and clarifications for the Individual Flexible Premium Adjustable Life Insurance Policy Standards and the Individual Flexible Adjustable Variable Life Insurance Standards

The Compact Office provided a memo regarding amendments to clarify the applicable interpretation of certain NAIC Models and Actuarial Guidelines within the Individual Non-Variable and Variable Life Adjustable Uniform Standards. This request is on the 2024 Uniform Standards List. Two of the questions are on the agenda to discuss during the Life Actuarial Task Force meeting at the NAIC Fall meeting:

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1. How should Model 585 nonforfeiture requirements apply to contracts with multiple or alternative guaranteed contract account values?
2. What is the applicable nonforfeiture interest rate for determining the expense allowance?

The Compact Office wanted the PSC to be aware of the request for guidance.

Agenda Item 4. Any Other Matters

The next meeting of the PSC will be a regulator only call on December 3. There were no other matters.