Product Standards Committee (PSC)
Public Call Summary
August 18, 2026

Agenda item 1. Receive comments on the Additional Standards for Bonus Benefits for Individual Adjustable Life Insurance Policies

There was one written comment. Andria Seip asked ACLI to discuss their comments. The ACLI was concerned that the standard's actuarial requirements applied to nonguaranteed bonus benefits. ACLI expressed concern that the actuarial requirements that an insurer provide the calculation methodology for a non-guaranteed bonus could require disclosure of proprietary pricing, crediting, or product administration information. This is especially concerning where the benefit is not guaranteed and may be subject to company discretion, experience, or future adjustment consistent with applicable law and filed policy terms.

The Compact Office responded that the proposed actuarial standards address guaranteed bonus benefits, not non-guaranteed bonus benefits. The Compact Office will review the comments and consider amending the scope of the standard.

Agenda item 2. Receive comments on the 2027 requests for new and amended uniform standards

The Product Standards Committee(PSC) asked requestors to respond to written questions regarding some of the proposals.

The first request was for a new standard for guaranteed living benefits for individual life insurance Representatives from Pacific Life Insurance Company responded to the questions. PSC members questioned if the proposal might affect the taxability of life insurance, the difference between the lifetime benefit and a policy loan, and how this would be different from a 1035 exchange. The representative from Pacific Life also stated that the difference between this product and a 1035 exchange was that separate life and annuity contracts would be cost-prohibitive because the annuity payments would be taxed, and the benefit base/cash value would be reduced due to acquisition costs.

Mary Block commented that life insurance proceeds are tax-free and there is a concern that these benefits make the product look like a retirement vehicle. Pacific Life stated the policy would still need to comply with all the requirements to qualify as life insurance. Pacific Life responded that there have been some companies receiving favorable IRS rulings for similar products. The PSC asked Pacific Life to provide copies of the private letter rulings.

Maryland stated that it appears that such a contract would have to be over-funded to a degree that would disqualify it as life insurance in order to provide a meaningful benefit. Pacific Life stated that greater part of the death benefit provides life insurance which protects during key years when needed most and would provide additional income during later years when additional income is needed more than life insurance.

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The PSC asked ACLI to respond to questions regarding three of its requests. The first questions were about the amendment to delete Age-Based Waiver of Premium Provision in Individual Life Waiver of Premium Standard.

The ACLI representative stated that they did not intend to refer to Social Security when they referred to retirement benefits that people begin to receive at age 65. The waiver benefit is tied to someone not being able to work, and around age 65 individuals are receiving other governmental benefits that can help replace their income and therefore the benefit should end at age 65.
Mary Block commented that it is understandable that the benefit should be tied to the disability of the individual. She expressed concern that this benefit would be cut off before many people begin to receive their governmental benefits. Also, she expressed concern that disability during the person's highest earning years would affect the calculation of the amount of their Social Security benefits – significantly reducing them. She suggested thinking about alternative solutions rather than the arbitrary cut off at age 65.

The second set of questions was about the request to add a repayment plan option to the Waiver of Premium Standards. The representative from ACLI did not provide answers to the questions but stated that following further evaluation, the agreed approach was to consider repayment plans as a reinstatement-related initiative rather than a revision to the waiver of premium standards. Andria Seip asked if this means that ACLI is considering changing or withdrawing this request. ACLI responded that they have not decided at this point. The Compact Office will follow up with ACLI for clarification.

The third set of questions was about the request for a standard for wellness benefits for individual and group disability income products. PSC members asked if these benefits were tied to a disability claim. The representative said that these are not related to a disability claim and are provided without regard to the actual cost of a service. The representative gave the example of coverage for dependent care in existing Compact standards for disability income. The representative suggested that these benefits could be considered incidental benefits. The ACLI representative stated that, consistent with that framework, wellness benefits could be determined to be such incidental benefits. The wellness benefits in this standard are not triggered by a disability claim, rather they are paid as fixed indemnity benefits. PSC asked to see examples in the questions, but ACLI did not provide examples of state filings. Andria Seip again asked the ACLI representatives to provide examples state-approved filings for the PSC to review.

Andria Seip asked if there were oral comments on any of the remaining 2027 requests for new or amended standards. There were no additional comments.

Agenda item 3. Receive comments on the 2026 requests to carry over to 2027

There was one written comment on the request for a new standard for Contingent Deferred Annuities. ACLI stated that it has provided a draft standard for the PSC to review.

Andria Seip asked how many companies are interested in this product. ACLI responded that there are three companies. A representative from the Insured Retirement Institute(IRI)stated that there are more companies that are interested in offering this product.

Mary Block commented that the PSC has to weigh all requests for new standards very carefully because the PSC cannot fulfill all the requests. She requested more information about the extent of the interest in this product.

Utah commented that the marketing of these products is problematic and the Compact cannot address this unless a way is developed to monitor what the companies show to the policyholder. He added the consumers do not understand what market conditions must occur for this product to provide value. Other PSC members commented that there is a lack of uniformity among the states regarding this product.

A representative from the Consumer Advisory Committee commented that this is a niche product and would require a great deal of time to work to develop.

Andria Seip asked if there were any oral comments on the remaining 2026 requests. There were no comments. The PSC will consider all the comments received today and will schedule another public call before the requests are referred to the Management Committee.

Agenda item 4. Any Other Matters

There were no other matters.

The next meeting will be a regulator-only call on September 1, 2026.

Pacific Life Insurance Company responses to questions
Guaranteed Living Benefit Standards for Individual Life Insurance Policies

Please see our written responses to the questions that you sent on 8/4. Additionally, we have attached information related to a National Life 50-state filing.

There was also a request to provide a draft of the potential standards, and I would like to know if you have a preferred timeline to receive that. We are not yet ready to provide this and would like to know when you need this to be received.

Please let me know if you have any questions. Thank you.

1. The PSC asked how this request would be different from the loan provision in the policy.

The key difference is the loan provision does not allow distributions after the policy's net cash value is exhausted. A policy that qualifies for over-loan protection will not lapse due to loans; however, it will no longer make distributions either. The proposed living benefits would keep the policy in-force and continue distributions, regardless of policy cash value or loan status.

2. They also questioned if this benefit might raise concerns about the tax exempt status of the policy and whether companies had obtained private letter rulings from the IRS.

The company would be subject to IRS rules and this feature would need to comply with prevailing tax requirements. A private letter ruling is not likely to be necessary when the design clearly follows tax guidance, but may be requested at the company's discretion.

3. How is this option different than a 1035 Exchange that is offered at no cost given the fact that a life policy meets section 7702 of IRC.

A 1035 exchange from the life insurance policy into an annuity is a viable alternative. However, it has several disadvantages: gains distributed from the annuity would be taxable, it restricts the benefit base (the amount guaranteed benefits are based on) to the life insurance policy's cash value, and it incurs a new set of acquisition costs on exchange that the annuitant would have to pay for as reduced benefits.

4. How about a residual Value? Without a death benefit balance, the life policy would terminate

There must always be enough death benefit for the policy to qualify as life insurance under 7702 requirements. The company would need to decide how to maintain that requirement as part of the benefit design.

5. The Policy already complies with Universal Life Non-forfeiture Compliance requirements. How will this change in benefits affect Non-forfeiture compliance? The rider would change the structure of the policy with regards to the expense allowance.

   The company needs to demonstrate non-forfeiture compliance with the rider included in the policy. If the rider includes a rider charge or changes to the guaranteed interest rate this may reduce the expense allowance and therefore allowable surrender charges. If the rider changes surrender charges, termination charges, guaranteed expenses, or guaranteed COIs this also can impact nonforfeiture testing.

6. Is there a cost to such benefits? If yes, how is it calculated?

   This would vary by company and product and depends on the setup of the product. There may be a cost, likely assessed as a rider charge on the policy. It would be calculated in accordance with the company's pricing policy and actuarial standards.

Pacific Life Insurance Company responses to questions
Guaranteed Living Benefit Standards for Individual Life Insurance Policies

Lifetime Income Benefit Rider – State Filings

State	Form Number	Tracking Number	Regulatory Method	Date Legally Implemented	Document Name/Description	Comments
District of Columbia	20412(0616)	NALF-130649743	Approved	08/16/2016	Lifetime Income Benefit Rider	
Alaska	20412(0616)	NALF-130650497	Approved	01/06/2017	Lifetime Income Benefit Rider	
Alabama	20412(0616)	NALF-130650496	Approved	08/04/2016	Lifetime Income Benefit Rider	
Arkansas	20412(0616)	NALF-130650499	Approved	07/28/2016	Lifetime Income Benefit Rider	
Arizona	20412AZ(0616)	NALF-130650498	Approved	08/08/2016	Lifetime Income Benefit Rider	
Colorado	20412CO(0616)	Exempt	Exempt	Exempt	Lifetime Income Benefit Rider	
Connecticut	20412CT(0616)	NALF-130649741	Approved	09/14/2016	Lifetime Income Benefit Rider	
Georgia	20412(0616)	NALF-130650500	Approved	08/09/2016	Lifetime Income Benefit Rider	
Hawaii	20412(0616)	211870	Approved	07/12/2017	Lifetime Income Benefit Rider	
Iowa	20412(0616)	NALF-130650505	Approved	07/29/2016	Lifetime Income Benefit Rider	

Pacific Life Insurance Company responses to questions
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Idaho	20412(0616)	NALF-130708642	Approved	10/19/2016	Lifetime Income Benefit Rider
Illinois	20412(0616)	NALF-130650503	Approved	11/22/2016	Lifetime Income Benefit Rider
Indiana	20412(0616)	NALF-130650504	Approved	11/16/2016	Lifetime Income Benefit Rider
Kansas	20235(0414)	NALF-129395902	Approved	04/03/2014	Lifetime Income Benefit Rider
Kentucky	20412(0616)	NALF-130650507	Approved	08/05/2016	Lifetime Income Benefit Rider
Louisiana	20412(0616)	382149	Approved	10/18/2016	Lifetime Income Benefit Rider
Massachusetts	20412MA(0616)	NALF-130650510	Approved	10/17/2016	Lifetime Income Benefit Rider
Maryland	20412MD(0616)	NALF-130650509	Approved	11/17/2016	Lifetime Income Benefit Rider
Maine	20412(0616)	NALF-130649833	Approved	08/08/2016	Lifetime Income Benefit Rider
Michigan	20412MI(0616)	NALF-130650511	Approved	08/15/2016	Lifetime Income Benefit Rider
Minnesota	20412(0616)	NALF-130650512	Approved	11/01/2016	Lifetime Income Benefit Rider
Missouri	20412MO(0616)	NALF-130679022	Approved	11/10/2016	Lifetime Income Benefit Rider

Pacific Life Insurance Company responses to questions
Guaranteed Living Benefit Standards for Individual Life Insurance Policies

Mississippi	20412(0616)	NALF-130650513	Approved	12/27/2016	Lifetime Income Benefit Rider
Montana	20412MT(0616)	NALF-130650515	Approved	09/22/2016	Lifetime Income Benefit Rider
North Carolina	20412NC(0616)	NALF-130650521	Approved	11/07/2016	Lifetime Income Benefit Rider
Nebraska	20412(0616)	NALF-130650516	Approved	08/05/2016	Lifetime Income Benefit Rider
New Hampshire	20412(0616)	NALF-130650518	Approved	08/10/2016	Lifetime Income Benefit Rider
New Jersey	20412NJ(0616)	NALF-130650519	Approved	12/06/2016	Lifetime Income Benefit Rider
New Mexico	20412(0616)	NALF-130708641	Approved	10/12/2016	Lifetime Income Benefit Rider
Nevada	20412(0616)	111825687	Approved	08/26/2016	Lifetime Income Benefit Rider
Ohio	20412OH(0616)	NALF-130650522	Approved	05/22/2017	Lifetime Income Benefit Rider
Oklahoma	20412(0616)	NALF-130650523	Approved	10/06/2016	Lifetime Income Benefit Rider
Oregon	20412(0616)	NALF-130680908	Approved	10/12/2016	Lifetime Income Benefit Rider
Pennsylvania	20235PA(0414)	NALF-129395919	Approved	03/18/2014	Lifetime Income Benefit Rider

Pacific Life Insurance Company responses to questions
Guaranteed Living Benefit Standards for Individual Life Insurance Policies

Rhode Island	20412(0616)	NALF-130650526	Approved	08/19/2016	Lifetime Income Benefit Rider
South Carolina	20412(0616)	308053	Approved	08/02/2016	Lifetime Income Benefit Rider
Tennessee	20412(0616)	NALF-130650528	Approved	08/09/2016	Lifetime Income Benefit Rider
Texas	20412(0114)	NALF-130650529	Approved	08/08/2016	Lifetime Income Benefit Rider
Utah	20412(0616)	NALF-130650530	Approved	10/21/2016	Lifetime Income Benefit Rider
Virginia	20412VA(0616)	NALF-130650532	Approved	01/23/2017	Lifetime Income Benefit Rider
Vermont	20412VT(0616)	82763	Approved	09/26/2016	Lifetime Income Benefit Rider
Washington	20235WA(0414)	NALF-129395927	Approved	02/12/2014	Lifetime Income Benefit Rider
Wisconsin	20412(0616)	NALF-130650535	Approved	07/29/2016	Lifetime Income Benefit Rider
West Virginia	20412(0616)	100039675	Approved	08/01/2016	Lifetime Income Benefit Rider
Wyoming	20412(0616)	NALF-130650536	Approved	08/12/2016	Lifetime Income Benefit Rider

43 states + DC approvals
Missing States are:
Alaska, California, Delaware, Florida, New York, North Dakota, South Dakota
2027 requests for new and amended uniform standards

Below are our responses to your request for additional information on our requests relating to (1) the deletion of age-based waiver of premium provision in individual life waiver of premium standards – Kelly Dornan of New York Life will address this during the PSC call, (2) the addition of repayment plan options to waiver of premium standards – I will address this during the call, and (3) wellness benefit standards for individual and group disability income products – Matt Fuss of UNUM will address this during the call.

Wayne

1. Deletion of Age-Based Waiver of Premium Provision in Individual Life Waiver of Premium Standards USIR-2027-001

The PSC has questions about what is meant by the comment "at age 65 many policyholders would begin receiving government benefits that could cover their insurance needs if it still remains." Can you explain what you mean by a government benefit that begins at age 65 and how these benefits relate to paying a life insurance premium? If you are referring to the full retirement age for Social Security Benefits, how would you account for the fact that for many people, this is now age 67?

We appreciate the opportunity to clarify this comment. Our reference to government benefits was intended principally as a reference to Social Security retirement benefits, but we agree that the prior wording was imprecise. We did not intend to suggest that Social Security retirement benefits first become available at age 65, nor that a government benefit is specifically intended to pay life insurance premiums.

Social Security retirement benefits generally may begin as early as age 62, although benefits are reduced when taken before full retirement age. For individuals born in 1960 or later, full retirement age is 67. Accordingly, our comment was not premised on age 65 being the current full retirement age.

Rather, the relevance of retirement benefits is that, as individuals move from their working years into retirement, Social Security and other retirement income may replace a portion of the earned income on which they previously relied to meet ordinary expenses, including life insurance premiums. A waiver-of-premium benefit based on total disability is designed to protect an insured from the financial consequences associated with becoming unable to work because of disability. As the insured transitions from earned income to retirement income, the relationship between disability and the insured's ability to pay premiums changes. We do not mean to suggest that every individual will receive Social Security at a particular age or that Social Security will necessarily be sufficient to pay a particular life insurance premium.

More importantly, our concern with Subsection 3.A.(1)(e) does not depend on a particular government benefit beginning at age 65. The existing standard provides that, when total disability begins before age 60 and continues to the benefit anniversary on which the insured attains age 65, the company must thereafter waive all further premiums. By its terms, the requirement is no longer conditioned upon the insured continuing to be totally disabled after that

point. Thus, an insured who subsequently recovers from the disability may nevertheless continue to receive a lifetime waiver of premium.

We believe this result extends beyond the central purpose of a total-disability waiver and can materially increase the cost of offering the benefit, particularly at older issue ages. Permitting the waiver to terminate at age 65 regardless of the age at which disability began would more closely align the duration of the benefit with the disability risk being insured, while also providing insurers greater flexibility to offer waiver-of-premium coverage at a more affordable cost.

We therefore would revise our earlier statement to clarify that the reference to government benefits was intended only as additional context regarding the transition from earned income to retirement income, and was not the principal basis for the requested amendment.

There is also a question about the comment "Subsection 3.A.(1)(e) should be deleted since it is not included in the uniform standards for either individual or group term disability income insurance policies." This waiver standard applies to individual life insurance uniform standards, not disability income standards. Please explain this comment.

We appreciate the opportunity to clarify this comment as well. We agree that Subsection 3.A.(1)(e) is part of the individual life insurance waiver-of-premium standards and is not governed by the individual or group disability income standards. Our prior comment was intended to identify a difference in the treatment of waiver-of-premium benefits triggered by total disability, rather than to suggest that the disability income standards directly apply to individual life insurance.

The underlying concern is that a waiver benefit triggered by total disability should generally remain reasonably connected to the continuation of that disability. Under the individual disability income standards, premiums may be waived for as long as total disability continues, and premium payments resume after total disability ends. Similarly, under the group disability income standards, the waiver continues while the covered person remains disabled and may expressly end when the disability ends.

Our concern, therefore, is not that individual life waiver standards must mirror disability income standards. Rather, the current individual life provision requires a substantially more expansive result once a pre-age-60 disability continues to age 65: all future premiums must be waived even if the insured subsequently recovers. We do not believe that distinction is necessary to provide meaningful consumer protection, and it can significantly increase the cost of the waiver benefit.

Accordingly, we would clarify our original comment to state that deletion of Subsection 3.A.(1)(e) would provide greater flexibility to structure the waiver benefit so that it remains tied to the period of total disability and/or may terminate at a specified age such as age 65, consistent with approaches already permitted under other Compact waiver-of-premium standards. This would preserve meaningful protection during disability while allowing insurers to offer the benefit on a more affordable and appropriately risk-aligned basis.

2. **Addition of Repayment Plan Options to Waiver of Premium Standards** **USIR-2027-002**

The PSC asks what is meant by a Repayment Plan Options and why does it belong in the Waiver of Premium Standards?
Is it a waiver of premium or an extension of the grace period to pay the overdue premium?
Can you provide draft language that would be added to the standard?
Have these provisions been filed with the states and can you provide examples.

The repayment plan concept was previously discussed with the Compact in connection with policy reinstatements. During those discussions, the Compact requested additional information and sample language to better understand the proposal. Following further evaluation, the agreed approach was to consider repayment plans as an administrative process related to reinstatements rather than a contractual policy provision, and therefore it would be more appropriately addressed as a reinstatement-related initiative rather than a revision to the waiver of premium standards.

4.**Wellness Benefit Standards for Individual and Group Disability Income Products** **USIR-2027-005**

Can you provide a draft of the proposed standard.

This could be an amendment to incidental benefit provisions. We would need more industry involvement on this front, but here is some language from Virginia that could be used as a starting point:

Wellness Benefit:

I. One or more of the following provided on an outpatient basis under the supervision of a physician, but not medically necessary:
   a. A wellness or preventive test;
   b. A routine physical exam; or
   c. A medically accepted screening test used to evaluate risk or promote prevention of an illness or injury

II. A medical health assessment survey requesting basic vital statistic and/or lab results (i.e., weight, height, blood pressure, lipid panel results, some metabolic panel results, etc.)

Can you provide examples of filings submitted and approved in states?

Examples of filings can be found in the SERFF database.

The PSC asks if the wellness benefits are related to a disability claim under the policy.

The wellness benefits are not dependent on or related to a disability claim.

Provide examples of the types of "wellness benefits" that would be covered.

Examples include common preventative screenings such as blood test for triglycerides, colonoscopy, mammograms, pap smears, and common screenings for heart health and cancer screenings.

The PSC requests clarification about what is meant by a "fixed indemnity for a covered event". Is there a charge that the insured incurs? Is the claimant submitting a bill for services provided?

The benefit is paid based on whether a covered screening occurs, regardless of whether the insured incurs an expense. Generally, a bill is not required to make a claim. Rather, the wellness benefit is payable if the screening occurs after the policy effective date while the coverage is in force.