

PSC Questions for ACLI and Pacific Life for the 8/18 public call

Additional Questions for ACLI

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

1. 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?
2. 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.

2. Addition of Repayment Plan Options to Waiver of Premium Standards

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

3. Wellness Benefit Standards for Individual and Group Disability Income Products

1. Can you provide a draft of the proposed standard.
2. Can you provide examples of filings submitted and approved in states?
3. The PSC asks if the wellness benefits are related to a disability claim under the policy.
4. Provide examples of the types of “wellness benefits” that would be covered.
5. 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?

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Additional Questions for Pacific Life - Guaranteed Living Benefit Standards for Individual Life Insurance Policies

1. The PSC asks if you can provide a draft of the proposed uniform standard.
2. You state that at least two carriers offer this type of benefit with life insurance products in a majority of states based on state-based product filing and approvals. Additional details can be provided upon request. Can you provide the additional details and examples of state-approved products?
3. The PSC asked how this request would be different from the loan provision in the policy.
4. The PSC questioned if this benefit might raise concerns about the tax-exempt status of the policy and whether companies had obtained a private letter ruling from the IRS.
5. 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.
6. How about a residual Value? Without a death benefit balance, the life policy would terminate.
7. 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.
8. Is there a cost to such benefits? If yes, how is it calculated?