In June, New York Life submitted a proposal (provided below) that would expand the Indexed Linked Payment Adjustment Benefit Standard to include individual deferred paid-up non-variable annuities (DIAs) that are in the income payment phase. These products are already in the marketplace today, as several states have approved at least one carrier’s DIA product that contains an inflation protection rider that is tied to the Consumer Price Index (CPI). If a customer elects this feature, their income would be adjusted annually based on the change to the CPI. The Compact allows an index-linked inflation protection feature for immediate annuities. Our amendment is intended to provide DIA customers that are in the income payment phase with this same valuable benefit. The following are specific amendments to the standard so that it applies to DIAs:

**Scope:** These standards apply to index-linked annuity payment adjustment benefits that are built-in to individual immediate non-variable annuity contracts or **individual deferred paid-up non-variable annuity contracts that are in the income payment phase or that** are added to such contracts at issue by rider, amendment or endorsement. These standards apply to any adjustments to annuity payments that are triggered by a change in an index one or more times during the life of the contract.

**Actuarial Memorandum (Section B[1][c])** - An opinion statement that the company's investments backing the contract including the benefit are appropriate considering the index or indices used and including confirmation that this opinion is based on the actuary's review of the company's documented investment policy as it relates to immediate annuities and deferred paid-up non-variable annuities with index-linked payment adjustments.

We believe these are the only two sections that need to be amended. Separately, the standard includes a fact page that provides background information, such as the date the standard was adopted, its purpose and scope and statutory authority. We did not amend the fact page to include DIAs. We thought that once our two amendments were adopted, Compact staff could revise the fact page to reference its applicability to DIAs.

June 6, 2014

**Draft Proposal to Amend the IIPRC Indexed Linked Payment Adjustment Benefit Standard**

As part of its 5-year review, we respectfully request the IIPRC expand the scope of its Indexed Linked Payment Adjustment Benefit Standard to include individual deferred paid-up non-variable annuities (DIAs) that are in the income payment phase. Currently, this Standard is limited to individual immediate non-variable annuities. We believe that extending this Standard to DIAs (both non-participating and participating) in the payout phase makes sense since once payments begin there is little difference between a DIA and an immediate non-variable annuity.

At the time this Standard was developed in 2008, carriers were not offering DIAs so it was understandable that the DIA product was not included. However, as consumer demand and competition in the annuity market continues to evolve, product innovation is an integral component of meeting that demand while providing consumer value and remaining competitive in the market. Having the ability to provide the indexed-linked payments under a DIA is likely a product iteration that may be offered one day to provide more choice to consumers in tailoring their income needs.

We appreciate you taking the time to consider our request to expand the scope of the Indexed Linked Payment Adjustment Benefit Standard and look forward to hearing from you soon.

Sincerely,
Suzanne Wolf
Director – Product Compliance
New York Life Insurance Company