

Agenda Item 2. Review and discuss the updated proposed amendments to the *Additional Standards for Overloan Protection Benefits* to include whole life products.

Mary Mealer, MO, Chair of the Product Standards Committee (PSC), noted that on the last PSC call the Committee reviewed suggested revisions to the standards so they could also be available for whole life insurance products. The Compact staff updated and distributed the proposed amendments to reflect the discussion. She opened the floor for any further comments before distributing the proposal for public comment.

The Compact staff proposed clarification to the last sentence of the Scope and following discussion, the PSC agreed to add “A benefit that solely drops the loan interest rate to zero under certain circumstances is subject to the applicable Core Standards.”

Pennsylvania noted that under the Termination provision, reference to when monthly deductions end was stricken in one sentence while remaining in the other, and asked if this was an oversight or intended. The Compact staff responded that this was an oversight that would be corrected.

In reference to §3A(1) Benefit, Utah commented he preferred the original language “will automatically become paid up life insurance” since that is the purpose of the Overloan Protection benefit. He also suggested that § 3A(4) be amended to allow for advance notice that the benefit will be exercised if conditions are not satisfied prior to the automatic exercise of the benefit. For the written notice provisions under § 3A(4)(b)(i) he suggested that the notice include information on the differences between the overloan protection benefit and available traditional reduced paid-up benefit. There were no comments regarding these suggestions from other Committee members and the PSC agreed to include the comments with the draft to seek public feedback.

Agenda Item 3. Continue review and discussion of the *Single Premium Group Fixed Annuity Contract Uniform Standards* draft.

The Chair noted that on the prior call the PSC began a review of the draft with the focus on any comments and issues as well as any questions to ask the industry representatives for the October 30th Public Call. She stated that the Committee recently received some comments from the state of Minnesota that were distributed to members and will be posted on the Compact’s website along with any additional feedback received from other regulators and interested parties.

The Compact staff continued the review of the draft with § 2 General Form Requirements. In addition to the written comments submitted by Minnesota, the following issues were identified:

- In §2A(6) there was a suggestion that this provision clarify if premium is paid in cash, securities or both.
- In §3(12) there was a suggestion that the definition of “separate account” was not clear both in the Terms and Concepts section and as used in the standard. The member asked if use of the term separate account was more of a segregated account; is the distinction that the funds are tracked rather than that there is a legal wall? He noted that the term may have a legal definition as well.

- Under §4F Commutation, a member questioned the intent of the provision and whether there was a need to distinguish between elected commutation and one where it may be required (such as small value).
- Under §4H Data Required, a member asked why §4H(1) was a “may” rather than “shall” since it would appear insurers would need this information. He also suggested that the difference between handling premium error and benefit error in 4H(4) be treated separately so that benefits owed are not credited to premiums, for example.
- Under §4N(3) a member questioned whether dividends are always paid in cash.

Agenda Item 4 - Any other Matters. The Chair stated that the next PSC call will be a Public Call on October 30th to hear comments on the proposed amendments to the *Additional Standards for Overloan Protection Benefits* as well as the draft *Single Premium Group Fixed Annuity Contract Uniform Standards*.