

**Agenda Item 2. Continue discussion on the initial draft of *Additional Standards for Return of Premium for Individual Disability Income Insurance* to finalize for posting for public comment.**

Mary Mealer, Chair of the Product Standards Committee (PSC) noted that on the March 5<sup>th</sup> member call, the committee suggested changes to the discussion draft that they wanted to review before the draft was exposed for initial public comment. She stated that the Insurance Compact Office worked with the regulators who had suggested revisions and a revised draft was issued with the call materials.

The Compact staff summarized the suggested revisions. The Chair noted that the one section that may require further discussion was item (3) of the Specifications Page requirements and asked if there were comments on any other area. A member questioned whether the draft addresses situations when the benefit is for periodic payments and a claim is submitted after a return of premium has been made. The Compact staff referred to § 3 Benefit Provisions A(7) and asked if this addressed the concern. The PSC agreed that it did. It was also suggested that in the Actuarial Memorandum Requirements, §1B(1), that reference to whether there is an identifiable charge for the benefit be deleted since return of premium benefits will always include a charge for the benefit. The PSC agreed to delete this reference. Under Benefit Provisions § 3A(2)(e), the PSC agreed to change the phrase “if the insured dies” to “upon death of the insured” for clarity. A member asked whether the draft needed a grace period provision and it was noted that the grace period requirements were found in the *Standards for Individual Disability Income Insurance Policies*.

The Committee next discussed item (3) of the Specifications Page requirements. Pennsylvania suggested language regarding benefit amount prior to maturity. He noted that the current draft addresses stating it as a percentage of the maturity benefit, but companies may also show it as percentage of premiums paid to date. Following discussion, the PSC agreed to add the following language to the draft with a note that the PSC is seeking comment including an illustration or demonstration of how this type of benefit generally appears in the specifications page with information regarding the percentage growth.

If the percentages will be applied to premiums paid to date, rather than premiums projected to maturity, the above calculation shall be adjusted by (A)/(B), where (A) is the duration at maturity, and (B) is the duration corresponding to the above unadjusted percentages;

The Committee agreed to make the changes noted and expose the draft for public comment.

**Agenda Item 3. Any other Matters.**

The Chair stated that the next PSC call would be a member call on May 7<sup>th</sup> to return to discussions regarding the group annuity uniform standards. The Compact staff noted that a public call will be scheduled for May 21<sup>st</sup> to hear comments on the *Additional Standards for Return of Premium for Individual Disability Income Insurance*.