

## **Agenda Item 2. Receive update on status of the PSC Workplan for 2019**

Mary Mealer, Chair of the Product Standards Committee (PSC) asked the Compact staff to provide an update on the status of the PSC workplan for the year. The Compact staff advised that the amendments to add whole life products to the scope of the *Additional Standards for Overloan Protection Benefit* will become effective for filing on November 17<sup>th</sup>. The new *Additional Standards for Return of Premium for Individual Disability Income Insurance Policies* was adopted by the Commission on September 30<sup>th</sup> and will be effective for product filings on January 14, 2020. The *Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups* were also adopted September 30<sup>th</sup> and become effective January 14<sup>th</sup>.

Items currently in the Rulemaking process include the *Group Annuity Certificate Uniform Standards for Employer Groups*, which will be considered for adoption during the December 9<sup>th</sup> in person meeting in Austin. There is a comment deadline of December 2<sup>nd</sup> for the new *Uniform Standards for Group Guaranteed Interest Contracts for Non-Variable Annuities* as well as amendments to the *Group Policyholder Application Uniform Standards*. If no comments are received, these standards will also be considered for adoption on December 9<sup>th</sup>.

The PSC anticipates recommending to the Management Committee amendments to the *Additional Standards for Waiver of Monthly Deductions* and *Additional Standards for Waiver of Premium* to add additional qualifying events during the December 9<sup>th</sup> meeting. The Committee also hopes to recommend proposing new *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance* at that time. Compact staff also explained that the Actuarial Working Group continues its discussion of a new standard for index-linked variable annuity contracts with non-unit linked separate accounts.

## **Agenda Item 3. Receive comments on initial draft of the *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance***

The Chair stated that developing standards for waiver of surrender charge benefit for life insurance was a high priority item on the list of proposed new or amended Uniform Standards for individual life insurance that was developed following public input last year. She noted the Insurance Compact has Uniform Standards for waiver of surrender charges for various qualifying event triggers on the individual annuity side, but there are currently no standards on the individual life side. The draft proposal that was posted on the Docket on October 16<sup>th</sup> and distributed with the materials for this call is based on the annuity *Additional Standards for Waiver of Surrender Charge Benefit* and contains all the same qualifying events triggers that are included for annuity waiver benefits. The Committee thought this was the best place to start with drafting for consistency with other Uniform Standards. No written comments have been received on the proposal.

The Chair asked to hear any oral comments. Tom Kilcoyne, Pennsylvania stated that he had a few technical edits that he would suggest at the next member call, but also had questions on two provisions within the draft. Under § 3 A (2)(c) regarding Waiver Benefit Provisions, he asked if “withdrawal of interest only” as a reason to trigger a waiver benefit would ever apply to a life insurance policy. Additionally, he asked if replacement or 1035 exchange events should be listed under prohibitions on

exclusion of waiver benefits under § 3 D (2). Compact staff indicated that they would follow up with the Industry Advisory Committee for feedback since there was no response to the questions on the call.

Wayne Mehlman, ACLI stated that ACLI would be submitting comments in the next couple of days regarding bank owned life insurance policies.

There were no further comments or questions.

**Item 4. Any other matters**

The Chair asked that those who provided oral comments send their written comments no later than Friday November 15<sup>th</sup>.

Karen Schutter, Executive Director of the Insurance Compact thanked Ms. Mealer for her dedication and hard work with the Compact and extended the Compact's best wishes on her retirement from the Missouri Department of Commerce and Insurance.