

Product Standards Committee
Member Call Summary
September 29, 2020

Agenda Item 2. Consider Comments to Uniform Standards in Rulemaking Process from the public call

The chair asked for comments on the ACLI proposed change to vary the amount of the surrender charge based on qualifying events in the *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*.

There was a long discussion about the request. Sarah Neil of Rhode Island questioned the suggested edit and suggested narrowing it if it only applied to bank-owned life insurance (BOLI) products. Several PSC members expressed concerns about the need for the change at all. Jason Lapham said there was a lack of consensus for the proposed language. The PSC agreed to leave the language as drafted.

The PSC reviewed suggested comments from ACLI on the *Additional Standards for Qualifying Events for Waiver of Premium Benefits*.

The first comment was in § 3 Benefit Provisions. A (3). ACLI suggested moving (3) because it only applies to qualifying events. The PSC decided not to make the change.

The second comment was in § 3 Benefit Provisions A. (10). ACLI suggested an example of total disability be added. The Compact Office stated that the amended standard was adding qualifying events and did not affect the definition of total disability that is found in § 3 Benefit Provisions A. (1). The chair asked the PSC if there was a need to add an example. The PSC members did not see the need to make the change.

The third comment was in § 3C.(1)(b). ACLI pointed out a conflict as the exclusion applied to qualifying events as well as total disability. The Compact Office said this was a drafting error and the exclusion should be limited to total disability. The following change was made to delete “or qualifying event”.

(b2) Total disability ~~or qualifying event~~ occurring before the insured reaches a specified age, such as age 5

The fourth comment was in §3 G. ACLI asked that the PSC to review the Exclusions in §3. C. to see if there were conflicts with §3. G .Preexisting Conditions. The chair asked PSC members if there were concern. None were noted and no changes were made.

The chair noted that this change will also be made to the *Additional Standards for Qualifying Events for Waiver of Monthly Deductions Benefits*.

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Agenda Item 3: Priority 1, Action Item 6: Uniform Standards identification and prioritization system

The Compact Office staff provided an overview of the draft form and the process. The form would be on the Insurance Compact website. Requests would be posted. The PSC would review the requests submitted as of July 1 and prioritize the requests. A public hearing would be scheduled for input and a revised proposal would be submitted to the Management Committee for approval. The goal would be to finalize the list at the Annual Meeting.

Jason Lapham asked for comments. Tom Kilcoyne of Pennsylvania asked if there would still be a separate form for the five-year review requests. He also suggested that the form include a question about how the feature is currently handled in member states or if it is not allowed. The Compact office staff will revise the form based on the comments and will draft procedures for the PSC to review at its next meeting.

Jason Lapham asked PSC members to submit any comments to the Insurance Compact Office.

Agenda Item 4. Any Other Matters/Adjourn

The chair noted that the PSC has now completed its work on these standards, and they will be referred to the Management Committee.