

Product Standards Committee  
Member Call Summary  
November 17, 2020

**Agenda Item 2. Review comments and finalize the Uniform Standards Development Guidance Draft**

Jason Lapham, Chair of the Product Standards Committee asked the Compact Office to go over the edits to the draft Uniform Standards Guidelines document. There was one set of written comments from Iowa. Jason Lapham asked Iowa to go over the comments. Most of the comments were clarifications or edits for consistency. There were no objections to the suggested edits. The Chair asked the Compact Office to make the edits. The revised draft will be distributed for review at the public call scheduled for December 15, 2020.

**Agenda Item 3. Review and finalize the draft identification and prioritization system form and procedures**

The Chair stated that the Compact Office has not received any written comments on the draft form or the procedures. He asked if there were any comments. There were no additional comments. These documents will be exposed at the PSC public committee meeting scheduled for December 15, 2020.

**Agenda Item 4. Scope of the Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups**

The Compact Office provided a background memo regarding the nature of the product filing and the question of interpretation it was seeking guidance on with respect to whether the product filing was within the scope of the Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups. The specific question is whether the following sentence in the scope “These contracts are used as part of a Pension Risk Transfer” limits or encompasses other types of employer obligations being transferred through a single premium group fixed annuity contract. The Compact Office summarized the memo. The product filing at issue was a single premium group fixed annuity contract to be used to reimburse or directly pay for all or a portion of employees’ health insurance premiums after retirement.

The Chair acknowledged the term Pension Risk Transfer is not defined in the Uniform Standard though the filing appeared to fit within the spirit of the standard. One regulator said it should be allowed given that it is limited to payment of retiree premiums. Another regulator was concerned that while it looked like this benefit tied to longevity risk, the actuarial requirement in the Uniform Standards may not have fully considered other types of risk transfers beyond pension risk. Another regulator indicated the Uniform Standards were developed for pension obligations and no other obligations.

The Compact Office followed up on several questions and comments including that there are Uniform Standards for the group certificate, and the filing appeared to meet all the requirements

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in the Uniform Standards other than it was not transferring pension obligations but obligations to reimburse or pay retiree medical premiums.

Some states were concerned with the filing description that it was to pay for medical reimbursement benefits. One state wondered whether the arrangement violated their unfair trade practices.

The Committee agreed that this type of product where the risk transfer to is to reimburse or directly pay for all or a portion of employees' health insurance premiums was not contemplated when the Uniform Standard was developed. The Committee had sufficient concern that it did not feel comfortable interpreting that this Uniform Standards was intended for other than pension risk transfers. The Commission would need to reconsider the scope and if there would need to be other changes to the Uniform Standards to accommodate other risk transfer obligations.

**Agenda Item 5. Update on NAIC Model 805 amendments**

The Compact Office provided an update on discussions with Compact leadership on how to address immediate application of NAIC Model 805 amendment upon adoption by the NAIC Plenary. At the request of the Officers, the Commission will consider a proposed emergency rule to stay the effectiveness of the Model 805 amendment. The PSC may be asked to review the matter and to provide a recommendation. The matter will be discussed at the Commission meeting on December 4, 2020.

**Agenda Item 6. Any Other Matters/Adjourn**

The Compact Office will send out a revised draft of the Uniform Standards Development Guidelines. The next meeting of the PSC will be a public call on December 15, 2020.