

Product Standards Committee
Call Summary
February 16, 2021

Agenda Item 2. Review proposed recommended changes to the Uniform Standards as a result of the amendment to Section 4(B)(3) of NAIC Model Standard Nonforfeiture Law for Individual Deferred Annuities adopted by the NAIC Plenary on December 9, 2020 (“Model 805 Amendment”).

The Chair, Jason Lapham, said that the Compact Office has prepared draft amendments to address the different timelines for adoption of the Model 805 amendments in the states. He asked Katie Campbell to walk through the proposed changes to the Individual Deferred Non-Variable Annuity Contract Standards and the Individual Deferred Variable Annuity Contract Standards. Ms. Campbell said that the major change was to add a definition of nonforfeiture rate to require that the minimum nonforfeiture rate be consistent with the minimum nonforfeiture interest rate in state statute for the state in which the policy is delivered or issued for delivery. She went over the changes in the standard and the actuarial memo.

The Chair, Jason Lapham, stated that this is an acceptable way forward and asked for comments. Rhode Island and Maryland agreed with the proposed amendments. A PSC member asked how the Compact would determine the rate that applied. Ms. Campbell said that the standard would require that companies certify that they will use the nonforfeiture rate in the state of issue.

The Chair said that the PSC will hold a public meeting to receive comments on these two drafts along with amendments to four additional uniform standards:

- Additional Standards for Bonus Benefits for Individual Deferred Non-Variable Annuities
- Additional Standards for Market Value Adjustment Feature Provided Through the General Account
- Additional Standards for Index-Linked Crediting feature for Deferred Non-Variable Annuities and the General Account Portion of Individual Deferred Variable Annuity Contracts
- Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts

Agenda Item 3. Review Revisions to the Uniform Standards Development Guidelines after the Public Call

The Chair asked the Compact Office to review the revisions. There were comments from Colorado and from Fred Nepple of the Consumer Advisory Committee. The Compact Office went over the edits. Jason Lapham asked for comments. Jason Lapham suggested an edit to the Drafting Principles 7(c) where there was a reference to forms that are approved. There was a discussion among the members as not all states approve forms. The sentence was revised to refer to forms

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“approved or otherwise authorized for use.” There were no other comments. Jason Lapham said that the PSC has completed its work on the Uniform Guidelines and the web form for submitting proposed amendments to the Uniform Standards. These documents will be referred to the Management Committee for their approval.

Agenda Item 4. Any Other Matters

The next call of the PSC will be a public call on March 2 to receive comments on the amendments to the standards. There were no other matters.

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