

Product Standards Committee Response to Public Comments During Comment Period
Summary of Five-Year Review Comments and PSC Recommendations
For Uniform Standards in Phase 9 of the Five-Year Review
February 9, 2022

	Uniform Standards Provision	5-Year Review Comment	PSC Recommendation
RECOMMENDED CLARIFICATION ITEMS			
1.	<i>Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities</i> Scope Section <i>(Cross-Reference to IIPRC Office Report – Clarification Item #1)</i>	<i>IIPRC Office Comments/Observations:</i> The Insurance Compact Office notes that the use of the phrase “adjusted for withdrawals” has caused questions and confusion with filers and suggests substituting “premiums minus withdrawals” for clarity. The Insurance Compact Office suggests that the PSC consider the language offered to add clarity to this provision.	The PSC recommends revising the definition of incidental GMDB: <ol style="list-style-type: none"> 1. A death benefit less than or equal to the greater of: <ol style="list-style-type: none"> (a) 125% of the cash value, or (b) (i) The accumulation of premiums less (adjusted for withdrawals), at a specified annualized interest rate of 10%. (ii) The death benefit provided by 1(b)(i) shall not exceed 250% of premiums less (adjusted for withdrawals).
2.	<i>Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment</i>	<i>Insurance Compact Office Comments/Observations:</i> The Insurance Compact Office has requested catch-all provisions in Uniform Standards be removed as	The PSC recommends this provision be deleted

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	<p>Scope section and Benefits section</p> <p><i>(Cross-Reference to IIPRC Office Report – Clarification Item #2)</i></p>	<p>they do not provide sufficient standards to make a determination whether benefits not otherwise specifically listed are within scope.</p>	<p>“Dismemberment” includes any loss described in Items 3, and 4 and 7 of Section 2.A of these standards.</p> <p>§2A (7) — The provisions may include benefits for other losses that are approved by the Interstate Insurance Product Regulation Commission.</p>
ITEMS RAISED BUT NOT RECOMMENDED			
1.	<p><i>Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities</i></p> <p>SCOPE section</p> <p><i>(Cross-Reference to IIPRC Office Report – Substantive Item #1)</i></p>	<p><i>ACLI Comment:</i> The ACLI stated that they believe the current definition unnecessarily reduces policyholder value and prevents companies from filing through the Compact for products with an enhanced death benefit. As a result, they propose increasing the percentage of the cash value from 125% to 150% to allow more value to be passed on to the policyholder; adding “150% of the account value” since death benefits are generally based on account value and increasing the percentage in 1. (b)(ii) from 250% to 400%. They note that the current limit becomes applicable in approximately the 15th contract year; however, annuities are generally held much longer and thus the proposed limit would allow growth over a longer period of time, enhancing the value to the policyholder.</p>	<p>The PSC recommends no change to the current definition. The PSC referred the request to the Actuarial Working Group(AWG) for review. The AWG asked the ACLI to respond to questions to help the AWG measure the impact of what it means for the death benefit to be incidental. ACLI declined to provide a response to the request. The AWG advised the PSC that it did not have sufficient information to recommend a change to the current definition.</p>
2.	<p>Group Term Life Insurance Policy and Certificate Standards for Employer</p>	<p><i>Texas Comment:</i> Texas Department of Insurance (TDI) submitted a comment that the Texas Insurance Code §1131.802 has a higher age limit regarding coverage of children in group policies to age 25.</p>	<p>The PSC recommends no change to the existing provision. The Product Standards Committee asked members to review their state statutes regarding the definition of child for group term life insurance</p>

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	<p>§ 3. TERMS AND CONCEPTS (4) <i>(Cross-Reference to IIPRC Office Report –Substantive Item #2)</i></p>	<p>Under the Compact, if the group policy covers children, it requires coverage through age 19 and permits coverage beyond age 19 and allows restrictions on the circumstances of the child that are not in the Texas statute. Under Texas law, a group policy may cover children through age 26 with few exceptions.</p>	<p>policies. There was consensus that child coverage was voluntary at the discretion of the employer. Most state statutes did not have any age requirements or other limitations for employer group term policies. The PSC reviewed several policies filed with the Compact. The child definitions included many variations that could be added at the discretion of the employer.</p>