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Interstate Insurance Product Regulation Commission (IIPRC)
Product Standards Committee
444 North Capitol Street, NW
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RE: Uniform Standards Subject to Five-Year Review

On February 3, the Product Standards Committee requested comments on the following uniform standards that are now subject to five-year review:

- *Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities*
- *Group Term Life Insurance Policy and Certificate Standards for Employer Groups*
- *Group Term Life Insurance Uniform Standards for Accelerated Death Benefits*
- *Group Term Life Insurance Uniform Standards for Accidental Death Benefits*
- *Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment Benefits*
- *Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Certificate Changes*
- *Uniform Standards for Group Term Life Insurance Enrollment Forms and Statement of Insurability Forms*
- *Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Policy Changes*
- *Uniform Standards for Group Term Life Insurance Statement of Insurability Change Form*
- *Group Term Life Insurance Uniform Standards for Waiver of Premium While the Employee is Totally Disabled*

The American Council of Life Insurers ("ACLI")[1] appreciates this opportunity to comment on these standards. While we do not have any comments on the nine standards relating to group term life insurance, we do have the following comments on the *Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities.*

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[1] The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States. Learn more at www.acli.com.

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The current definition of "incidental guaranteed minimum death benefits" reads, in part, as follows:

1. A death benefit less than or equal to the greater of:
(a) 125% of the cash value, or
(b) (i) The accumulation of premiums (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 (adjusted for withdrawals). For the purposes of demonstrating compliance with the above requirements, a level, compound interest rate shall be used.

We believe this definition unnecessarily reduces policyholder value and prevents companies from filing through the Compact for products with an enhanced death benefit. As a result, we would like to propose the following modifications:

(1) Increase the percentage of the cash value from 125% to 150% to allow more value to be passed on to the policyholder.

(2) Add "150% of the account value" since death benefits are generally based on account value.

(3) Increase the percentage in 1.(b)(ii) from 250% to 400%, which would now be part of 1.(c)(ii). While the current limit becomes applicable in approximately the 15th contract year, 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.

After taking into account these modifications, the definition would read, in part, as follows:

1. A death benefit less than or equal to the greater of:
(a) 150% of the cash value,
(b) 150% of the account value, or
(c) (i) The accumulation of premiums (adjusted for withdrawals), at a specified annualized interest rate of 10%.
(ii) The death benefit provided by 1(c)(i) shall not exceed 400% of premiums (adjusted for withdrawals). For the purposes of demonstrating compliance with the above requirements, a level, compound interest rate shall be used.

We believe these changes will retain qualification as an incidental death benefit while adding policyholder value and increasing Compact utilization for these benefits. Presently, fixed indexed annuity products have income values that surpass the 'incidental' limits currently in the language. Some products allow the income value to be taken as a death benefit in order to allow the beneficiary to access the income value. Because these products are simply allowing other ways to access the income value, the value of the death benefit should still be considered incidental.

Thanks again for this opportunity to comment. If you have any questions, feel free to contact me at waynemehlman@acli.com or 202-624-2135.

Sincerely,

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