DATE: March 23, 2021

TO: Interstate Insurance Product Regulation Commission

FROM: Insurance Compact Product Standards Committee

RE: Report of Committee Activities for the Commission Meeting

The Insurance Compact Product Standards Committee (PSC) has met six times since the Commission’s December meeting including three public calls, including two calls to receive comments on a proposed recommendation to address the changes to NAIC Model 805.

The PSC has completed its work on a recommendation to address the changes in Model 805 and the suggested changes to the uniform standards will be discussed under a separate agenda item.

In October, the PSC forwarded its recommendation to the Management Committee providing feedback on the written and oral comments submitted during the notice and comment period for the following Uniform Standards going through the rulemaking process. These standards will be discussed under a separate agenda item today.

- Additional Standards for Qualifying Events for Waiver of Premium Benefits (amendments to existing Uniform Standard)
- Additional Standards for Qualifying Events for Waiver of Monthly Deduction Benefits (amendments to existing Uniform Standard)
- Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance (new Uniform Standard)

The PSC has completed work on its recommendations for the following two strategic plan action items and they will be discussed in a separate agenda item:

- Priority I, Action Item 3: Provide guidance for Compacting States and interested parties to be used in the Uniform Standards development process for drafting, submitting and considering proposals or changes to Uniform Standards to focus on the robust, relevant and reasonable objectives.

- Priority I, Action Item 6: Develop a system for identifying and prioritizing the development of new Uniform Standards including for new product lines and new products and benefit features for existing product lines to reflect product offerings accepted by the majority or more of Compacting States.
The PSC has developed a draft of a Uniform Standards Development guidance document as well as a proposal for the identification and annual prioritization of Uniform Standards development.

The PSC will begin a review of a request from South Carolina regarding the 15% threshold for Compact Office approval of in-force LTC rate increases on Compact-approved products.

The PSC will also work on the pending five-year review of the group term life Uniform Standards and Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities.

The PSC is also monitoring the work of the Actuarial Working Group (AWG), which has convened a subgroup to discuss interim value calculation methodologies as part of the AWG’s charge to discuss possible standards for indexed-link variable annuity contracts.

The PSC also stands ready to respond to other requests from the Management Committee and the Commission regarding uniform standards development.

Please contact Jason Lapham of the Colorado Division of Insurance, Chair of the Product Standards Committee, or Sue Ezalarab, the Insurance Compact’s Regulatory Coordinator Consultant.