Good Afternoon,

Thank you for providing the opportunity to comment on the Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups. The Oregon Division of Financial Regulation is concerned that the draft uniform standards are unclear and overly broad. We believe that clear, structured guidance would provide appropriate regulatory guidance for issuers in this market and greater consumer protection. A handful of states have detailed guidance for issuers and we encourage the IIPRC to reach out to state insurance departments to gain a better understanding of existing regulatory processes for these products in each state. We also encourage the IIPRC to consider reviewing existing state Product Standards to determine state required comments that are missing from the draft uniform standards, a factor we considered when reviewing the draft standards.

Additional comments specific to the draft standards are included below. Please contact Tashia Sizemore, Product Regulation Manager, for additional information on any of the comments.

1. The title of the uniform standards says ‘fixed’ but in the first paragraph it refers to general and separate accounts.
2. The uniform standards are unclear if there is a separate account are the funds listed and how is investment experienced calculated/valued?
3. The uniform standards are unclear if funds can be transferred from the general account to the separate account.
4. The uniform standards do not provide conditions for transfers or withdrawals.
5. The uniform standards do not clearly identify if the standards will be limited to pension risk transfers or will be used for other purposes; if they are limited to pension risk transfer will it be only a buy-in or only a buy-out.
6. The uniform standards are unclear if there are guaranteed/fees.
7. The uniform standards are unclear if there’s a minimum guaranteed interest rate and if it is required to be listed.
8. The uniform standards are unclear if MVAs are allowed and, if so, is there a requirement that they be symmetrical (apply upward/downward).
9. The uniform standards do not include an incontestability provision, which is a requirement for filings in Oregon.
10. Are there product standards for the certificate issued to the individual.
11. It is unclear if the policy owner terminate the contract at any time. If so, how is that handled (notification, account values and timing of payment of account values, assessment of fees/expenses, etc.).
12. What are the ramifications of plan termination?
13. The uniform standards do not appear to include specifics on paid-up annuity, cash surrender benefits, or death benefits.
14. The uniform standards do not contain sufficient information about claim settlements, guaranteed minimum payouts, what settlement options are available or the default
settlement options.

15. The uniform standards do not include specific requirements for the specification page. Oregon Product Standards include the following specification page components: maturity or annuity payment date, annuitant age, surrender charges, interest rates, nonforfeiture rates, taxes, term periods, bonuses, charges, and fees. Arbitration fees are listed in the draft uniform standards – we encourage the IIROC to work with the NAIC and states on the issue of arbitration.

16. The uniform standards do not include information about grace periods.

17. The uniform standards do not include information on annuity loans.

18. The uniform standards do not outline reinstatement provisions.

19. Oregon rules prohibit insurers from including discretionary clauses in their policies and certificates. For more information on this Oregon rule see OAR 836-010-0026.

Thank you,

Tashia Sizemore
Product Regulation Manager, Division of Financial Regulation
Oregon Dept. of Consumer & Business Services

The Department of Consumer and Business Services cannot provide you with legal advice. The information provided in this correspondence is not and should not be considered legal advice. If you need a legal opinion, please seek professional legal counsel.