MEMORANDUM

February 5, 2019

To: Interstate Insurance Product Regulation Commission
From: Oregon Division of Financial Regulation
Subject: Group Annuity Product Standards

Thank you for the opportunity to submit written comment on the proposed product standards presented on the February 5, 2019 Product Standards Committee public call. These comments are consistent with the verbal comments provided during the call.

General Comments
Oregon is concerned that the process for developing product standards and seeking public comment on IIPRC matters lacks transparency and reduces meaningful input from compacting states. We encourage the IIPRC to adopt a more transparent process and work with compacting states to develop opportunities to provide meaningful regulator participation.

Comments on Additional Standards for Overloan Protection Benefits
- On page one, our concern is that there are very limited circumstances where the loan interest rate would be reduced and that what we called the “core” life insurance product standards, would have now have the word “core” removed or the core life insurance product standards altered in the future five year review.

- One page three and four, we agree with Utah that the original language “will automatically become paid up life insurance” should not be removed from the product standards. The term “paid up life insurance” is a long established contract provision defined in insurance text books, and legal decisions. We question the reason to remove well known and searchable insurance terms, from the IIPRC product standards.

- On page 9, we continue to prefer our state’s current statutory language based on former NAIC model law for specific insurance products of “shall not” instead of more changes to the adopted IIPRC product standards of “and” or “or” or “may”.

Comments on Uniform Standards for Group Guaranteed Income Contracts for Non-Variable Annuities
The following areas were identified by Oregon as inconsistent with current Oregon practice.

- The proposed product standards do not contain an incontestability provision. (Please see ORS 743.315.)
• The proposed product standard allows for a guaranteed minimum interest rate of 0% rather than greater than 0%.

• The proposed product standard allows the annuity purchase rates to be changed annually rather than new premium.

• The proposed product standards do not require the contract address notification and timing issues for withdrawals.

• The proposed product standard rate reset is unclear about whether it applies to a current rate and/or the guaranteed minimum interest rate.