

Agenda Item 2. Discuss any feedback on Interim Work for *Additional Standards for Private Placement Plans for Individual Variable Adjustable Life Insurance Policies and Additional Standards for Private Placement Plans for Individual Deferred Variable Annuity.*

Pete Weber, Ohio, Chair of the Actuarial Working Group (AWG) noted that the only feedback submitted to the IIPRC staff regarding the Industry Advisory Committee (IAC) proposed revisions to the Private Placement Uniform Standards came from Pennsylvania. Tom Kilcoyne, PA noted that the questions he had were primarily for the Product Standard Committee (PSC) discussion and not actuarial in nature.

The AWG agreed to report to the PSC that they had no specific actuarial concerns related to the proposal and that any review and recommendations should come from the PSC.

Agenda Item 3. Discuss Substantive Item #2 *Commutation for Individual Deferred Paid-Up Non-Variable Annuities* Page 2 of the *IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 7)* and IAC response to questions.

The AWG discussed the applicability the Standard Nonforfeiture Law for Individual Deferred Annuities (SNFLA) to the commutation benefit proposed by the IAC. Since the SNFLA requires cash values if a lump sum is provided on or before maturity, some concern was expressed by some members that allowing commutation soon after maturity in a no-cash value annuity may not be within the spirit of the law. It was noted however, that the SNFLA specifically does not apply to deferred annuities after annuity payments have commenced and that states that have adopted the SNFLA have approved or allowed such commutation benefits.

It was pointed out that allowing commutation of income payments would provide some protection against factoring companies. The AWG discussed whether commutation would be acceptable if the amount that can be commuted is limited. They also discussed the 100%/60% limitation proposed by the IAC and concluded that the intent and operation of that limitation was unclear. In addition, it was not clear what limitation, if any, should apply if period certain income options are adopted.

The AWG members will continue its discussion of this agenda item on the next call.

Any Other Matters. The Chair advised the group that the IIPRC staff would send notice out advising of the date and time of the next call.
