

Agenda Item 2. Receive update on the status of referrals to the Actuarial Working Group.

The IIPRC staff provided an overview of the status of the Substantive and Clarification items that were referred to the Actuarial Working Group (AWG) for feedback and recommendations. It was noted that the AWG reviewed the suggested revisions to the Private Placement Standards and did not have any actuarial concerns. The AWG suggested that any discussion of these revisions take place within the Product Standards Committee (PSC). The AWG has finalized all but two items, so the PSC will begin reviewing these recommendations in January.

Agenda Item 3. Receive an update on the questions received regarding the 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.

The IIPRC staff reported that several questions about the proposed revisions to the Private Placement Uniform Standards and the application of federal requirements were received from the Pennsylvania Insurance Department. These questions were submitted to the Industry Advisory Committee (IAC) and the responses, once received, will be distributed to the PSC for discussion in January.

Agenda Item 4. Receive an update on the Management Committee discussion on comments regarding the Product Standards Committee Recommendations for the Phase 6 Five-Year Review Amendments to Individual Long-Term Care Insurance Uniform Standards.

Karen Schutter, Executive Director of the IIPRC, provided an overview of the discussion at the joint meeting of the Management Committee and Commission on December 9th regarding the IAC request that the Management Committee reconsider the PSC recommendation to not include language in the proposed amendments to the Core Standards for Individual Long-Term Care Insurance addressing what the IAC calls non-duplication of benefits. The Chair requested that if members have not already done so, that they brief their Commissioners on the issue and be prepared for further discussion when the PSC reconvenes in 2017.

Agenda Item 5. Discuss Substantive Item #6 - Private Placement Uniform Standards For Immediate Variable Annuity Contracts in the IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 7).

The PSC noted that there was no specific detail explaining the need for amending the Scope of the Private Placement Annuity Standards to include immediate variable annuities. They agreed that since it was not clear whether the standard could be amended or if separate standards were needed, members were not receiving an influx of state filings for these products, and the IAC survey of companies did not result in support for this change, that the PSC would not recommend amending the standard.

Agenda Item 6. Discuss Substantive Item #7 - Age Requirements For Overloan Protection in the IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 7).

The PSC reviewed the explanation provided by the IAC regarding the need to allow a maximum age for Overloan Protection benefits in addition to the existing standard allowing for a minimum age. Noting that the standards already require that there can be no charge if the benefit is never exercised, the PSC agreed to the suggested revisions proposed by the IAC:

§2B.(1) The specifications page shall show, if applicable, the benefit charge, the minimum loan indebtedness percentage, the guaranteed minimum loan indebtedness percentage, the maximum loan indebtedness percentage, and the minimum and maximum age required before exercising the benefit, age/ and the duration the policy must be in force before exercising the benefit. These items may be considered as variable items and marked to denote variability.

§3A.(2) The benefit form shall describe the conditions that must be met in order for the owner to be able to exercise the benefit. The conditions may include:

(a) That the policy is in effect for a specified number of years.

(b) That the insured (or which insured, if this is a joint last to die survivorship policy) is at or above a specified minimum age or under a specified maximum age.

Agenda Item 7. Discuss Clarification Item #10 Limitations on Graded Death Benefits in the IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 7).

Following an overview of the request by IIPRC staff, David Bolton of Oregon stated that he believed that adding a standard to the Grade Death Benefit Uniform Standards that requires that premiums paid could not exceed 1.5 times the death benefit would provide for a more uniform approach in all product designs. When asked to clarify what change should be made, he stated that once the premium payments exceeded 1.5 times the death benefit, the policy would endow.

Karen Schutter, IIPRC, noted that the standard in question applies to graded death benefit provisions and that these standards are in addition to the Uniform Standards for Whole Life Insurance. She stated that some states do have requirements for small face amount products and these apply in addition to Compact standards. When asked if Oregon has such a provision for graded death benefits, Mr. Bolton responded that their state reviews life insurance rate filings so they could challenge filings where premiums were in excess of a certain amount.

Following further discussion, the PSC determined that the existing standards adequately addressed concerns with graded death benefit products and they would not recommend further change.

Agenda Item 8. Receive an update on Conforming and Technical Items

The Chair reported that the deadline for the Committee to review and comment on any concerns regarding the Conforming and Technical Items in *IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 7)* had passed and that IIPRC staff had received no feedback. It was therefore agreed that those recommendation would remain unchanged in the final report.

Agenda Item 9. Any other matters.

Ms. Mealer noted that it was the last call of the PSC for the year. She thanked all the members for a productive year and advised that a notice would be sent in January when the PSC reconvenes.