

Agenda Item 2. Receive Public Comments on the PSC recommendations in the *IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 7)*.

The Chair explained that the purpose of the Public Call was to receive comments on the proposed recommendations to the Management Committee for amendments to the Uniform Standards subject to Phase 7 of the 5-Year Review. She noted that no written comments were received prior to the call.

The Consumer Advisory Committee and the Industry Advisory Committee confirmed that they had no comments on the proposal. The Pennsylvania Department of Insurance stated that they had some suggested changes to the Surrender provision in the Additional Standards for Private Placement Plans for Individual Deferred Variable Annuity Contracts and the Additional Standards for Private Placement Plans for Individual Variable Adjustable Life Insurance Policies. They noted that the Product Standards Committee (PSC) changed the Ownership provision in each standard so that there are two possible remedies available if the owner ceases to be a qualified owner. Under the prior standard, the only required remedy was a policy/contract exchange. Under the new revised standard, the PSC added the option of allowing the policyholder to transfer funds from an exempt fund to a non-exempt fund or the general account. As a result, Pennsylvania believes that the Surrender provision needs to be updated to be consistent with the revision to the Ownership provision. They suggested that under item 1 of the Surrender provision in both standards, that the PSC delete the phrase “to exchange the contract for an annuity that does not require qualified owner status” and replace it with “a remedy available under the contract,” and in the last sentence, strike the phrase “declines the opportunity to exchange.”

Pennsylvania agreed to submit their recommendations in writing to the IIPRC Office so the PSC can review the comments on the next call. It was noted that the changes appeared to be suggestions for consistency and did not alter the intent of the revisions proposed for these standards.

Agenda Item 3. Any Other Matters.

The Chair stated that the Committee will finalize the report and recommendations and present them to the Management Committee on their next call, anticipated to be scheduled for March 13th. She reminded interested parties that they can follow the PSC’s progress by viewing the Call Summaries under the About the IIPRC section of the IIPRC’s website.