

Agenda Item 2. Receive Public Comments on the Request by the Industry Advisory Committee (IAC) to Add a Death Benefit Proceeds Provision to the Core Annuity Uniform Standards.

The Insurance Compact staff provided an overview of the Industry Advisory Committee (IAC) request for consideration of amendments to the core annuity standards to add a provision addressing payment of death benefit proceeds. The IAC indicated that because state laws vary on whether annuity products are subject to death benefit proceeds requirements similar to life insurance products and because interest rates vary considerably, industry would like to have uniform standard for compact filings that addresses this issue.

The Chair noted that written comments were received from Jackson National Life Insurance Company in advance of the call. A representative from Jackson National stated that they spoke with the ACLI in advance of the call and now better understand the proposal and have no questions or comments.

Vermont asked for clarification of why proposed subsection 2(a)(i) has a different requirement for annuity contracts subject to the Securities and Exchange Commission's (SEC) rules governing the liquidation of account values at the death of the measuring life than for all other annuities. Richard Bowman, New York Life, responded that the funds in variable annuity products subject to SEC rules remain in the separate account until due proof of death is received, and that it did not seem fair that those funds should accumulate the gains as well as interest.

Pennsylvania asked if similar conforming amendments should be anticipated for the life insurance standards. The IAC responded that variable life products are valued as of the date of death while annuity products are valued as of the date of due proof of death, so similar changes were not required. In response to a follow up question regarding adding a completed request for redemption form and proof of the claimant's interest in the proceeds as requirements for due proof of death, following discussion, the PSC agreed that this was beyond the scope of this public call and if they wished to consider it for the next time life standards were subject to Five-Year Review, they could do so.

Pennsylvania suggested clarifying the language in 2(a) (i) that says the "eighth day from the date that due proof of death is received" to say "from the eighth day following the date that due proof of death is received by the company" to make it clear when interest begins.

The IAC verified that the same language is proposed for use in both the variable and non-variable annuity standards.

There were no additional comments or questions regarding this item.

Agenda Item 3. Any Other Matters.

The Chair requested that if anyone had any additional comments, that they submit them to the Insurance Compact by the end of the week. She stated that the Product Standards Committee will consider the comments and discussion from this call and prepare a Committee recommendation for the Management Committee's consideration.