



Hearing Officer's Report to Agency on Rulemaking Hearing

Date: 9/11/2025

To: Department of Consumer and Business Services

From: Brian Fjeldheim, Hearing Officer

Subject: Oregon's opt-out from Interstate Insurance Product Regulation Compact Uniform Standards governing:

1. Standards for Individual Deferred Index Linked Variable Annuity Contracts (Commonly Marketed as Registered Index Linked Annuities)
2. Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities

Hearing Date/Time: June 23, 2025 / 9:00 – 9:30 am PT

Hearing Location: Hybrid meeting conducted in person at Labor and Industries Building and virtually on Microsoft Teams

Comment Period End: June 30, 2025

Background

On April 25, 2024, the Interstate Insurance Product Regulation Commission (IIPRC or Compact) adopted new product standards for index linked variable annuities (ILVAs) and registered index linked annuities (RILAs), with the new standards going into effect August 12, 2024. On May 28, 2024, the Department of Consumer and Business Services, Division of Financial Regulation (division or DFR) submitted electronic notification to the Compact stating the division would formally opt-out of these product standards, and requested a stay be granted from these standards while DFR undertook rulemaking necessary to complete the opt-out process.

The division opted out due to concerns pertaining to the primacy of state nonforfeiture laws and Oregon's statutory nonforfeiture credit rate requirements, as well as the absence of product design limitations related to floor or buffer caps for index linked variable annuity (ILVA) and/or registered index linked annuity (RILA) products to prevent ILVAs/RILAs from effectively functioning as fixed rate products while circumventing state minimum nonforfeiture requirements. These concerns affect Oregon

in particular because our statutory minimum nonforfeiture credit rate requirements are significantly higher than those used by other states and the crediting rates prescribed in certain NAIC Model Laws and used by the Compact.

Hearing

The division held a virtual rulemaking hearing on June 23, 2025, at 9:00 am PT in via Microsoft Teams. Representing the division at the meeting were Brian Fjeldheim, Karen Winkel, Joshua Blakey, Lauren Bodine, Tashia Sizemore, Glenda Villamar, and division counsel Pramela Reddi from the Oregon Department of Justice.

Members of the public and interested parties present as the hearing included:

- John Mangan, The American Council of Life Insurers (ACLI).

Summary of Testimony

The division received the following oral testimony at the hearing:

- John Mangan with ACLI:
 - Asked for confirmation that this is the first time any state has ever formally opted out of a Compact Uniform Standard involving a product that had never been marketed or sold in that state;
 - Noted if Oregon opts out from the Compact's standards for RILAs and other products with Modified Guaranteed provisions, these products cannot be filed through the Compact and can only be made available to Oregonians if they are filed with DFR and approved by DFR staff;
 - Inquired as to how many RILA product applications DFR has received and how many RILA filings have been approved; and
 - Stated that ACLI would appreciate DFR commentary on whether SB 536 (2023) authorizes use of RILA products in Oregon, or if additional legislation would be needed to address DFR's concerns regarding RILA products not meeting state nonforfeiture requirements.

Discussion

Other than Mr. Mangan, no other invited RAC member or interested party participated in the hearing. Additionally, none of the RAC members or interested parties provided written comments or testimony.

In response to ACLI's stated concerns, it should be noted that DFR will continue to engage ACLI and industry regarding the process for approving RILA/ILVA products for sale in Oregon. The first such filings have recently been approved and division staff is currently working to finalize review on all other pending filings.

To date, the Compact has not addressed DFR concerns regarding the language in their standards concerning the primacy of state laws, especially around state nonforfeiture requirements, and it is unlikely that DFR will opt back into these standards in their current form.

Recommendation

Having considered fully the testimony presented at the hearing and the lack of written comments, I recommend that the division finalize the opt-out process for the following Compact Uniform Standards:

1. Standards for Individual Deferred Index Linked Variable Annuity Contracts (Commonly Marketed as Registered Index Linked Annuities)
2. Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities

Brian Fjeldheim
Hearing Officer
Division of Financial Regulation

This Summary and Recommendation are reviewed and adopted.

Signed this 20th day of October, 2025.


TK Keen, Administrator
Acting Insurance Commissioner
Division of Financial Regulation