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**NOTICE OF PROPOSED RULEMAKING**  
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 836  
**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
**INSURANCE REGULATION**

**FILED**  
05/27/2025 2:26 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

FILING CAPTION: Oregon election to opt-out from two Interstate Insurance Product Regulation Compact Uniform Standards

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 06/30/2025 5:00 PM

*The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.*

CONTACT: Karen Winkel  
503-947-7694  
dfr.rules@dcbs.oregon.gov

350 Winter St. NE  
Salem, OR 97301

Filed By:  
Karen Winkel  
Rules Coordinator

HEARING(S)

*Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.*

DATE: 06/23/2025

TIME: 9:00 AM - 9:30 AM

OFFICER: Brian Fjeldheim

IN-PERSON HEARING DETAILS

ADDRESS: Labor and Industries Building, 350 Winter St. NE, Basement, Conf Rm E, Salem, OR 97301

SPECIAL INSTRUCTIONS:

This is a hybrid meeting conducted in-person and virtually via Microsoft Teams:

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 503-446-4951

CONFERENCE ID: 676242922

SPECIAL INSTRUCTIONS:

Meeting ID: 295 327 205 306 9

Passcode: Pz7LM9vt

NOTE: PUBLIC COMMENTS ARE PUBLIC RECORDS AND WILL BE POSTED ON THE DFR RULEMAKING WEBPAGE.

NEED FOR THE RULE(S)

On April 25, 2024, the Interstate Insurance Product Regulation Commission (Commission) adopted two Uniform Standards for use in all Interstate Insurance Product Regulation Compact (Compact) participating states, that conflict with current Oregon statutes and/or regulations:

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 (prior to amendment, this Uniform Standard was titled “Amendments to Additional Standards for Market Value Adjustment Feature Provided Through a Separate Account”).

Division of Financial Regulation (DFR) staff, with the assistance and support of representatives from the Commission, reviewed the above standards for areas in which the promulgated language differs from Oregon statutes and/or regulations, as well as areas in which the level of consumer protection afforded by the adopted Compact standards may be less than what is required in this state. The division has unresolved concerns pertaining to the primacy of state nonforfeiture laws and Oregon’s statutory nonforfeiture credit rate requirements, and 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 that prevent ILVAs/RILAs from effectively functioning as fixed rate products while circumventing state minimum nonforfeiture requirements.

Rule adoption is needed to complete Oregon’s opt-out of the identified Compact Uniform Standards, and may affect:

1. Oregon consumers wanting to purchase annuity insurance products with certain variable crediting performance features, and
2. Life insurance companies wishing to sell Compact approved ILVA/RILA annuity products and Modified Guaranteed Annuity (MGA) products with a Market Value Adjustment (MVA) component to Oregon consumers.

Oregon is not prohibiting the use of MVAs with ILVA/RILA or MGA products. However, until the Commission revises Uniform Standard “Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities” and clarifies the primacy of state nonforfeiture laws and nonforfeiture crediting rate requirements, any Compact approved ILVA/RILA and MGA product offerings containing an MVA to be sold in Oregon needs to be filed with DFR for review and approval.

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#### DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

Draft rules are available from Karen Winkel, Rules Coordinator, Division of Financial Regulation located at 350 Winter St. NE, Salem, OR 97301 and are available on the division’s website: <https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

Standards for Individual Deferred Index Linked Variable Annuity Contracts (Commonly Marketed as Registered Index Linked Annuities):

<https://www.insurancecompact.org/standards/record-adopted-standards/standards-individual-deferred-index-linked-variable-annuity>.

Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities (prior to amendment, this was titled “Additional Standards for Market Value Adjustment Feature Provided Through a Separate Account”):

<https://www.insurancecompact.org/standards/record-adopted-standards/additional-standards-market-value-adjustment-feature-modified>.

DFR’s comment letter to the Commission dated March 6, 2024, regarding proposed adoption of new and/or amended Uniform Standards pertaining to ILVAs/RILAs and Market Value Adjustments (MVAs).

## STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

The proposed rulemaking may impact some life insurance companies and life insurance agents/producers that sell certain types of annuity retirement products. The rulemaking does not preclude the affected life insurers or agents/producers from selling certain variable life insurance or annuity products. It instead will affect the process by which life insurance companies must file these products for regulatory approval prior to selling them in Oregon. The rulemaking is needed to preserve statutorily required financial protections for annuity purchasing consumers. The rulemaking also preserves the primacy of Oregon's laws governing minimum nonforfeiture requirements for certain annuities and certain life insurance products that utilize market value adjustments (MVAs). To the extent that the rulemaking ensures the continued applicability of existing nonforfeiture protections in Oregon law, it will financially benefit consumers who, for a variety of reasons, discontinue premium payments. Although the DFR does not have detailed information about such consumers, it is likely that these protections disproportionately benefit relatively low-income or otherwise vulnerable annuitants. The rulemaking does not disadvantage or adversely affect one group of people over another.

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## FISCAL AND ECONOMIC IMPACT:

The proposed rule is unlikely to have a fiscal or economic impact on small businesses. A Rulemaking Advisory Committee (RAC) was formed, and the RAC participants were asked to provide input on how the proposed rulemaking may affect Oregon small businesses. The RAC met April 22, 2025, 8:30 – 10:00 a.m. Pacific time. Based on RAC members input, it does not appear that businesses will incur compliance costs resulting from this rulemaking.

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## COST OF COMPLIANCE:

*(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).*

(1) Based on currently available information, the proposed rule does not appear to have a fiscal or economic impact on state agencies, local government units, or the general public beyond the statutory requirements. Insurance companies that have paid and filed annuity products with the Compact do not have to pay an additional filing fee(s) to Oregon for each affected annuity product (ILVAs/RILAs and annuities utilizing MVAs), however companies will need to file their annuity products with Oregon regulators and receive approval before they can be sold in Oregon.

(2)(a) Based on financial filings made to DFR, no insurers meet the definition of a small business under ORS 183.310, because no insurer is independently owned and operated. DFR does not have a direct estimate of the number of small businesses, to include insurance agents and producers, subject to this rule. The RAC members were asked for their estimation of the number of small businesses that may be impacted by this rulemaking and no concerns were raised by the RAC members. At this time, DFR staff are not aware of any significant financial impact to affected businesses, to include small businesses.

(2)(b) This rulemaking should have minimal impact upon reporting, recordkeeping, and other administrative activities required for compliance. As noted in (1), life insurers that paid and filed affected products with the Compact for review and approval do not have to pay an additional fee(s) to DFR and cannot sell any affected annuity products until DFR approves the filing(s).

(2)(c) Based on current information, the proposed rules do not appear to impose additional costs for professional services, equipment supplies, labor, or increased administration beyond existing statutory requirements.

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DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Representatives of small businesses, which included insurance and consumer financial products trade associations, participated in the rulemaking advisory committee process held April 22, 2025.

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WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

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ADOPT: 836-080-0195

RULE SUMMARY: This rule exercises the opt-out provisions of the Interstate Insurance Product Regulation Compact (Compact). The director of the Department of Consumer and Business Services considered and found the protections offered to Oregon residents from following Compact Uniform Standards are not adequate:

- 1) Standards for Individual Deferred Index Linked Variable Annuity Contracts; and
- 2) Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities.

CHANGES TO RULE:

836-080-0195

Oregon opt-out from certain Interstate Insurance Product Regulation Compact Uniform Standards

(1) The purpose of this rule is to exercise the opt-out provisions of the Interstate Insurance Product Regulation Compact (Compact) pursuant to ORS 732.820, Article VII.¶

(2) The Department of Consumer and Business Services declines to participate in the following Compact Uniform Standards: ¶

(a) The director has considered the Standards for Individual Deferred Index Linked Variable Annuity Contracts adopted by the Interstate Insurance Product Regulation Commission (IIPRC) on April 25, 2024 and finds the protections offered to residents of Oregon are not adequate. Therefore, the Department of Consumer and Business Services declines to participate in the Standards for Individual Deferred Index Linked Variable Annuity Contracts.¶

(b) The director has considered the amendments to the Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities adopted by the IIPRC on April 25, 2024 and finds the protections offered to residents of Oregon are not adequate. Therefore, the Department of Consumer and Business Services declines to participate in the Additional Standards for Market Value Adjustment Feature for Modified Guaranteed Annuities and Index-Linked Variable Annuities.¶

(3) This rule is effective immediately upon adoption.

Statutory/Other Authority: ORS 732.820, Or Const, Art VII

Statutes/Other Implemented: ORS 732.820, Or Const, Art VII