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FILING INFORMATION NOTICE 2016-2

DATE: June 8, 2016

FROM: Karen Z. Schutter
IIPRC Executive Director

RE: **Group Disability Income Insurance Filings and Filing Group Disability Income Products with Group Term Life Products**

Statutory References: Articles II(11), III(1), IV(3)-(5), and X(2) of the *Interstate Insurance Product Regulation Compact* as adopted by Compacting States.

Operating Procedure References: Sections 103 and 111 of the *Operating Procedure for the Filing and Approval of Product Filings*.

Uniform Standards: *Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups (IIPRC-DI-G-H11-POL), Group Policyholder Application Uniform Standards (IIPRC-DI-G-PRODUCTS-APP), Uniform Standards for Group Disability Income Insurance Enrollment Forms and Statement of Insurability Forms (IIPRC-DI-G-H11-EFSIF), Uniform Standards for Group Disability Income Insurance Statement of Insurability Change Forms (IIPRC-DI-G-H11-SI CHANGE), Uniform Standards for Riders, Endorsements, or Amendments Used to Effect Group Disability Income Insurance Policy Changes (IIPRC-DI-G-H11-POL CHANGE), Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Disability Income Insurance Certificate Changes (IIPRC-DI-G-H11-CERT CHANGE) Uniform Standards for Group Disability Income Insurance Initial Rate Filings (IIPRC-DI-G-H11-RATE), Uniform Standards for Filing Revisions to Rate Filing Schedules in Group Disability Income Insurance Policies (IIPRC DI-G-H11-RATE CHANGE).*

Purpose: *Filing Information Notices explain steps or clarifications in the IIPRC's process for filing and review of product filings under the applicable Uniform Standards. This Filing Information Notice only applies to the Uniform Standards referenced above.*

BACKGROUND:

The Interstate Insurance Product Regulation Commission ("Compact") adopted seven new Uniform Standards for group disability income insurance and amended the Group Policyholder Application Uniform Standards on February 24, 2016 ("GDI Uniform Standards"). As stated in

the Scope provision of the Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups, policies and certificates submitted using the GDI Uniform Standards may be issued only to an employer, or the trustees of a fund established by an employer, as permitted in the jurisdiction where the policy is delivered or issued for delivery. In accordance with Compact rules for the implementation of Uniform Standards, the Compact will accept group disability income insurance product filings as of June 8, 2016. All Compacting States other than Montana and Wyoming are accepting filings submitted for approval to the Compact under the GDI Uniform Standards. Montana and Wyoming have requested and been granted a stay of the effectiveness of the GDI Uniform Standards to pursue opt-out by regulation.

Implementation of the GDI Uniform Standards is similar to and differs from the implementation of individual disability income insurance Uniform Standards in the following ways:

- The entire suite of group disability income insurance products will be available for filing with the Compact at the same time.
- For new product submissions, all components of a group disability income insurance product must be filed with the Compact.
- Mix and Match between Commission-approved group disability income insurance product components and State-approved group disability income insurance components is not allowed. There are two exceptions:
 - Group policyholder application forms are eligible for Mix and Match with state-approved group disability income insurance forms.
 - Mix and Match for group disability income insurance riders and Statement of Insurability forms, as defined in the Uniform Standards for Group Disability Income Insurance Enrollment Forms and Statement of Insurability Forms, with Commission-approved and/or State-approved group life insurance policies and annuity contracts is permissible provided all the components associated with the group disability income insurance product are filed and approved in accordance with the GDI Uniform Standards.
- Initial rates and rate revisions for group disability income insurance products filed with the Compact must be submitted for review and prior approval in accordance with the GDI Uniform Standards.

This Filing Information Notice outlines the process and procedures associated with the submission of group disability income insurance product filings.

FILING PROCEDURES:

A. Submission of Group Disability Income Insurance Product Filings

1. When preparing product submissions, filers are encouraged to closely review the GDI Uniform Standards available on the Compact's online Rulemaking Record and to utilize the GDI Reviewer Checklists, which are found with the GDI Uniform Standards on the Record.

2. Filers should also review additional reference materials as follows: Creating a Compact Filing on the Insurer Resources web page; applicable Submission Requirements in SERFF; applicable Filing Instructions in SERFF; applicable Operating Procedures on the Rulemaking Record.
3. The Compact has published a chart of state-specific references on the Insurer Resources web page with respect to the following Permissible Limitations or Limitations or Exclusions that are “[s]ubject to the applicable law in the state where the policy is delivered or issued for delivery” in Section 7 of the Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups, specifically, Subsections C. Chemical Dependency; L. Intoxicants; M. Voluntary Intake of Narcotics or Other Controlled Substances; and O. Mental or Nervous Disorders. The Variability of Information section at Section 1B(2) allows filers to make these provisions variable and explain in the Statement of Variability that the purpose is to comply with applicable state law.
4. When choosing the applicable filing type, filers shall select the correct filing type based on the type of forms.
 - a. For a new product, a product filing submission shall include the application, policy forms, any applicable benefit features and initial rates. If an application for a new product will also be used for Mix and Match, the application must be filed separately as noted below (see Section E below). Please note the GDI Uniform Standards do not require an Outline of Coverage form to be filed or issued.
 - b. For new product filing submissions, the filer shall utilize the applicable filing type for **Policy Forms/Applications/Benefit Feature/Rates**.
 - c. Filers wishing to submit Group Policyholder Application for Mix and Match with State-approved group disability income insurance product components shall utilize the applicable filing type of **Application** (see Section E below).
 - d. Filers wishing to submit a separate Group Policyholder Application or riders, endorsements or amendments with additional benefit features to be used with a group disability income insurance product filing previously approved by the Compact shall utilize the applicable filing type of **Application** or **Application/Benefit Feature** or **Benefit Feature**.

B. Initial Rate Schedules and Related Rate Information

1. For group disability income insurance product filings, the Compact will utilize the Rate/Rule Schedule Tab ("Rate Tab") in SERFF. The information in the Rate Tab can be updated post-submission.
2. The Uniform Standards for Group Disability Income Insurance Initial Rate Filings (“Rate Filing Standards”) do not provide exemptions for the disability income component of certain combination life and annuity products.
3. The following information shall be submitted on the Rate Tab:
 - a. All initial rate schedules;

- b. The Actuarial Memorandum
- c. The information in Appendix A to the Rate Filing Standards, which may be provided within the Actuarial Memorandum or as a separate item on the Rate Tab.
- d. All other pertinent or required rate information.

C. Mix and Match

- 1. Filers shall not submit the following group disability income insurance product components in a Compact filing for use or "Mix and Match" with State-approved group disability income insurance product components: policy forms, benefit feature, riders and rates. In other words, a group disability income insurance policy form cannot be filed with the Compact for Mix and Match with a State-approved disability income benefit riders or rate schedules.
- 2. When preparing a group disability income insurance product filing, filers will be able to access the Statement of Intent Schedule within SERFF, which is completed for Mix and Match filings. Other than for application-only filings (see Section E below) and combination filings (see Section D below), the Statement of Intent Schedule must not be completed and the filing must not indicate "Mix and Match" or an objection will be issued.
- 3. Group disability income insurance riders or Statements of Insurability submitted to the Compact that fully comply with the GDI Uniform Standards can be submitted for use or "Mix and Match" with State-approved group life insurance or annuity product components (see Section D below).
- 4. Group policyholder applications when filed in a separate Compact product filing submission may be mixed and matched with State-approved group disability income products (see Section E below).
- 5. For filings that are eligible for Mix and Match, the filer shall indicate the filing is being submitted for Mix and Match and shall fully complete the Statement of Intent Tab. *See Filing Information Notice, 2009-4, Mix and Match Filings* for more information on the Mix and Match process.

D. Combination Product Filings

- 1. The *Operating Procedure for the Filing and Approval of Product Filings* ("Product Filing Rule") permits a product filing to include more than one Product to be used in combination provided the group life insurance components comply with the applicable group life insurance uniform standards and the group disability income insurance component complies with the GDI Uniform Standards.
- 2. Combination product filings, including group term life policies with disability income riders, should be made using the applicable Group Disability Income Type of Insurance (TOI).

3. When a group disability income product component is filed separately and will be used in combination with another Compact product filing, a filer should:
 - a. Include the appropriate information for the associated filings within the Associated Filings section,
 - b. Indicate in the General Information section of the Compact filing that it intends to use the group disability income insurance rider with a Compact-approved group term life product filing, and
 - c. Provide the SERFF Tracking Number for the Compact-approved group term life product filing.
4. A Compact-approved disability income rider or Statement of Insurability may be mixed and matched with State-approved life insurance or annuity components in accordance with Section 111 of the Operating Procedure for the Filing and Approval of Product Filings (see Section C above).
5. The Compact will accept Group Policyholder Application and Statement of Insurability forms that combine product lines provided the forms fully comply with the applicable Application Uniform Standards for each respective product line (see Section E below).

E. Special Considerations for Policyholder Application Form Filings

1. The submission of a Group Policyholder Application form is the only product component under the GDI Uniform Standards that is eligible for Mix and Match with the following State product components: a policy form, rider, amendment or endorsement for group disability income plans, buy-sell plans, key-person plans and business overhead expense plans.
2. When filing Group Policyholder Application forms for approval under the Group Policyholder Application Uniform Standards where the application forms will be used with both Commission-approved products and State-approved products, a filer is only required to submit the application forms in one filing as follows:
 - a. Submit the application forms in a separate application-only filing
 - b. Include the appropriate information for the associated filings within the Associated Filings section
 - c. Complete the Statement of Intent Schedule for the State-approved product components (see Section C above);
 - d. Reference in the General Information section of the Compact filing the SERFF Tracking Number for the Compact-approved product components.
3. Filers can submit applications for a combination of product lines provided the form complies with the Group Policyholder Application Uniform Standards.

APPLICABLE IIPRC FORMS:

None

EFFECTIVE DATE:

June 8, 2016

CONTACT INFORMATION:

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