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**IIPRC-L-08-LB-I-WPB
STANDARDS FOR WAIVER OF PREMIUM BENEFITS**

1. Date Adopted: February 28, 2007
2. Purpose and Scope: The Standards for Waiver of Premium Benefits provide for the waiver of premiums due under an individual life insurance policy in the event that the insured becomes totally disabled under the terms of the policy. These standards apply to the benefit feature whether added to an individual life insurance policy by rider, endorsement or amendment or by incorporation into a policy form. These standards apply in addition to the general form requirements contained in the Standards for All Benefit Features.
3. Rules Repealed, Amended or Suspended by the Rule: None
4. Statutory Authority: Among the primary purposes and powers of the Interstate Insurance Product Regulation Commission (“IIPRC”) is to establish reasonable uniform standards for insurance products covered under the Interstate Insurance Product Regulation Compact (“Compact”), specifically pursuant to Article I §2, Article IV § 2 and Article VII § 1 of the Compact, as enacted into law by each IIPRC member state.
5. Required Findings: None
6. Effective Date: May 31, 2007

STANDARDS FOR WAIVER OF PREMIUM BENEFITS

Scope: These standards apply to waiver of premium benefits that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. The waiver is for premiums due under an individual life insurance policy in the event that the insured becomes totally disabled under the terms of the form.

As used in these standards, “waiver benefit” means a waiver of premium due for an insured under the policy.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) A statement of the types of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) A description of the benefit for all types of forms with which the benefit will be used.
- (3) The formulae, if any, used to determine the benefit, including any limitations on the amount of the benefit and sample calculations for representative issue ages, including issue age 35 if within the issue age range.

BENEFIT PROVISIONS

BENEFIT

- (1) The form shall describe the total disability conditions that shall be met to be eligible for the waiver benefit. The conditions shall comply with the following:
 - (a) The definition of total disability shall not be less favorable than the following:
 - (i) **During the first 24 months of total disability**, the insured is unable to perform the substantial and material duties of their job due to sickness or accidental bodily injury; and
 - (ii) **After the first 24 months of total disability**, the insured, due to sickness or accidental bodily injury, is unable to perform any of the substantial and material duties of their job, or any other job for which they become reasonably suited by education, training or experience.

Drafting Note: At the discretion of the company, the form may provide for more favorable or additional definitions of total disability such as for full-time students and homemakers.

- (b) The form may expand the definition of total disability to include presumptive total disability such as the insured’s total and permanent loss of: sight of both eyes; hearing of both ears; speech; or the use of both hands, both feet or one hand and one foot;

- (c) The form shall state that the insured's total disability shall begin while the form is in effect;
- (d) The form shall state the period of time required for the total disability to continue, such as a consecutive period of 6 months, before the company will approve a claim for the waiver benefit. The form shall also state that until the company approves the claim, payment of the premiums when due is required to avoid a lapse of insurance before the company approves the claim for the waiver benefit. If the company approves the claim for the waiver benefit after the specified period of time, the company shall refund the premiums paid after the first of the benefit month on or following the date the insured's total disability began;
- (e) The form may base the type of waiver benefit available on the insured's age on the date disability begins, but shall not do so on terms less favorable than the following:
 - (i) **If the insured's total disability begins before the benefit anniversary on which the insured attains age 60**, the form shall state that the company shall waive all premiums due for the insured under the policy for the period that the insured continues to be totally disabled. If such period extends to the benefit anniversary on which the insured attains age 65, the form shall state that the company shall waive all further premiums due for the insured under the policy; or
 - (ii) **If the insured's total disability begins after the benefit anniversary on which the insured attains the age specified in item (i) for when total disability begins**, the form shall state that the company shall waive all premiums due for the insured under the policy for the period that the insured continues to be totally disabled, but only up to the benefit anniversary on which the insured attains age 65;
- (f) The form shall state that if the waiver benefit is in effect, all benefits included under the policy, excluding optional benefits that are issued as attachments to the policy, shall continue in force. Any such optional benefits that will not continue in force shall be disclosed in the form;
- (g) The form shall state that premiums waived by the company shall not be deducted from the policy proceeds;
- (h) The form shall state that if total disability begins during a grace period, payment of the overdue premium is required to avoid a lapse of insurance before the company approves the claim for the waiver benefit; and
- (i) The form shall describe the initial and subsequent due proof requirements for total disability. To initialize a claim, the form may require written notice and proof of total disability while the insured is alive and totally disabled, or as soon as reasonably possible. During a specified period of time after the company approves the claim for the waiver benefit, not to exceed 24 months, the form may require proof of continued total disability not more frequently than once every 30 days. After such specified period of

time, the form shall state that the company shall not require proof more than once in any 12 month period. The form may also state that as part of the due proof requirement, the company at its expense may have its designated physician examine the insured.

EXCLUSIONS

- (1) The form shall specify any exclusion applicable to the waiver benefit. The exclusions shall be limited to the following:
 - (a) Total disability caused or contributed to by any attempt at suicide, or intentionally self-inflicted injury, while sane or insane;
 - (b) Total disability caused or contributed to by “war” or “act of war,” as defined in the standards for the exclusions provision of the individual life policy;
 - (c) Total disability caused or contributed to by active participation in a riot, insurrection or terrorist activity;
 - (d) Total disability caused or contributed to by committing or attempting to commit a felony;
 - (e) Total disability caused or materially contributed to by voluntary intake or use by any means of:
 - (i) Any drug, unless prescribed or administered by a physician and taken in accordance with the physician’s instructions; or
 - (ii) Poison, gas or fumes, unless a direct result of an occupational accident;
 - (f) Total disability occurring before the insured reaches a specified age, such as age 5;
 - (g) Total disability occurring after the benefit anniversary on which the insured attains a specified age no less than age 65;
 - (h) Total disability caused or contributed to by intoxication as defined by the jurisdiction where the total disability occurred;
 - (i) Total disability caused or materially contributed to by participation in an illegal occupation or activity; and/or
 - (j) Total disability caused or contributed to by any condition disclosed in the application and explicitly excluded in a form attached to the policy.
- (2) The form may include other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

INCONTESTABILITY

- (1) If the form is issued as an attachment to the policy, the form may state that the company shall not contest the form after it has been in force during the lifetime of the insured for two years from the date of issue of the form, excluding any period when the insured is totally disabled, except for fraud in the procurement of the form, when permitted by applicable law in the state where the policy is delivered or issued for delivery.

NONFORFEITURE VALUES

- (1) If the form is issued as an attachment to the policy, the form shall state that it does not have cash values or loan values.

TERMINATION

- (1) The form shall include the following termination conditions:
 - (a) Upon written request from the owner;
 - (b) Upon termination of the policy; or
 - (c) Upon nonpayment of the premium, in accordance with the provisions of the form or the policy.
- (2) The form may also include the following termination conditions:
 - (a) The benefit anniversary on which the insured attains a specified age, no less than age 65;
 - (b) The date the policy lapses or is continued as extended term or paid-up insurance under the nonforfeiture provisions;
 - (c) If the policy is an endowment policy, on the date of endowment, regardless if the endowment date is deferred; and/or
 - (d) If the policy is a limited-payment policy, on the date the policy becomes fully paid-up.