



REQUEST FOR NEW UNIFORM STANDARDS OR CHANGES TO UNIFORM STANDARDS

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REQUEST IS FOR: Amendment to Existing Standard

SECTION AND SUBSECTION(S) OF UNIFORM STANDARD IF APPLICABLE: Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment Benefits

Citation #: IIPRC-L-04-G-EG-ADDB

Paragraph #2 under Purpose and Scope Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment Benefits | Insurance Compact (Effective 11/28/2022)

DETAILED DESCRIPTION OF THE REQUEST, INCLUDING THE SCOPE IF A NEW UNIFORM STANDARD, AND IF APPROPRIATE ALSO INCLUDE PROPOSED LANGUAGE CONSIDERATION: Continental American Insurance Company (CAIC) is requesting IIPRC to expand the scope of citation IIPRC-L-04-G-EG-ADDB uniform standard to state an employee covered under a group term life policy providing employee and dependent AD&D supplemental and/or voluntary benefits shall have the option to waive dependent life insurance and elect dependent

AD&D benefits when employers allow such elections within their group term life benefit plans and enrollment platforms.

We ask that the standard clarify such dependent benefit elections within the Certificate Holder's term life/AD&D policy do not constitute a standalone AD&D benefit plan.

This standard and Standard IIPRC-L-104-G-EG (Group Term Life Insurance Policy and Certificate Standards For Employer Groups) are silent on the issue of employee and dependent elections of AD&D benefits. There is no prohibition in either standard regarding the employee's right to waive dependent life insurance and elect dependent AD&D benefits.

However recent discussions with IIPRC indicate that this type of election could be interpreted as stand-alone dependent AD&D coverage and expansion of the standard would be required to allow such elections.

We don't believe any specific language needs to be drafted for the group term life certificates. We believe a change in the standard is sufficient.

Our current dependent eligibility language under the group term life insurance certificate is as follows:

You will be eligible for Dependent insurance on the latest of:

the date Your coverage under the Policy begins;

the date You enter a class eligible for Dependent insurance; or

the date You first obtain a Dependent.

DETAILED EXPLANATION OF THE REASON FOR THE REQUEST. IF A NEW UNIFORM STANDARD, PLEASE PROVIDE SUPPORT THAT THIS TYPE OF PRODUCT HAS BEEN FILED AND APPROVED IN COMPACTING STATES. IF AN AMENDMENT TO AN EXISTING UNIFORM STANDARDS, PLEASE PROVIDE SUPPORT FOR HOW CIRCUMSTANCES OR UNDERLYING ASSUMPTIONS (WHETHER IN REGULATION, IN THE MARKETPLACE OR OTHERWISE) HAVE CHANGED: Many large employer benefit platforms do not require dependent life benefits to be selected for an employee to elect dependent AD&D benefits within the policy. This is a common plan design in the National Account and large group market. It is standard practice for employers in this space to allow employees to freely elect dependent benefits within a group life policy based on their personal preferences and needs.

CAIC is facing this requirement in RFP's as we bid against carriers whose group term life with AD&D policies are filed under state regulations that do not prohibit this practice. If the employer's enrollment practice allows the employee to waive dependent life insurance and elect AD&D benefits, the RFP will require a bidding carrier to match the process to move forward in the RFP selection process.

Employers do not want to disrupt their employees benefit elections when transitioning to a new carrier. The inability to match the employer's current plan design and enrollment elections often result in immediate disqualification from the bidding process. For carriers using IIPRC approved life insurance policies the consequence is to be excluded from competing for such business and selling a multi-million dollar account.

Employees have legitimate reasons for waiving spouse and dependent child life insurance:

1. The spouse/child has an individual permanent life insurance policy and does not need additional coverage through the employee, so the employee only wants to add spouse/child AD&D coverage.
2. The child has coverage through a student policy.
3. The spouse has group life insurance for themselves and or the children through the spouse's employer, but no AD&D coverage.
4. The cost is prohibitive and adding AD&D coverage for a spouse and/or child provides additional coverage with very minimal premiums.

IS THIS CHANGE CURRENTLY ACCEPTED IN COMPACT STATES? Accepted in Most Compacting States

IF ACCEPTED IN THE MAJORITY OF COMPACT STATES, INDICATE STATES THAT DO NOT PERMIT THIS PROVISION: We believe that state regulations in most compact states are silent on this issue, as is the compact standard.

We are finding that it is a common practice of large national carriers to accommodate employers who offer a separate election for dependent AD&D without dependent life coverage.

Carriers consider this an employer administrative process.

Large group employers control the employee enrollment process and benefit elections in house. All aspects of enrollment are employer self-administered on their internal benefit systems. The carrier relies on the employer to monitor the benefit elections of

its employees. A carrier is not informed of a specific employee's benefit elections until the time a claim is filed.

Employers are not going to change their benefit administration platforms or implement new restrictions on an employee's benefit flexibility. Employers want more flexibility to attract and satisfy employees. Carriers will continue to accommodate employers, as changing this practice would result in the loss of multi-million-dollar employer accounts. We are requesting the compact either make amendments to the standard, or it's current position so member companies can stay competitive in the market.

WOULD THIS CHANGE CONFLICT WITH ANY NAIC MODEL LAWS OR REGULATIONS? Unknown