

August 4, 2025

Interstate Insurance Product Regulation Commission
1101 K Street, NW
Suite 650
Washington, DC 20001

RE: Amending the Uniform Standards for Waiver of Premium and Waiver of Surrender Charges for Life Policies and Annuity Contracts

Members of the Product Standards Committee:

The American Council of Life Insurers (ACLI)¹ appreciates this opportunity to provide comments on amending the uniform standards for waiver of premium and waiver of surrender charges for life insurance policies and annuity contracts. We have three suggestions that we would like to convey to the PSC for consideration.

- (1) ACLI members serve their policyholders in many ways in their times of need, including in times of uncertainty and unique circumstances. Examples include, but are not limited to, natural disasters, pandemics, and involuntary employment interruptions. We, therefore, ask that the Compact consider these industry practices to ensure that carriers can continue to voluntarily provide flexibility to their policyholders and serve their policyholders in their times of need.
- (2) We request that Subsection 3.A.(1)(e) of the *Additional Standards for Waiver of Premium Benefits for Total Disability and Other Qualifying Events* be deleted since it is not included in the uniform standards for either individual or group term disability income insurance policies. Subsection 3.A.(1)(e) reads as follows:

(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; and***

¹ The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 93 percent of industry assets in the United States.

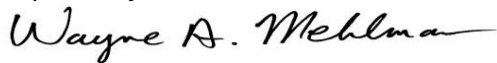
(ii) If the insured's total disability begins after the benefit anniversary on which the insured attains the age specified in item (i) for when total disability begins, the form shall state that the company shall waive all premiums due for the insured under the policy for the period that the insured continues to be totally disabled, but only up to the benefit anniversary on which the insured attains age 65;

The practical effect of this subsection is that the cost to consumers to add such a rider (especially for term products) is quite high for older issue ages. Presumably, at age 65 many policyholders would begin receiving government benefits that could cover their insurance needs if it still remains. We, therefore, request that Section 3.A.(1)(e) of these standards be deleted to allow for the rider to terminate at age 65 regardless of when the disability begins.

- (3) In addition to the existing life insurance and annuity standards that allow for the waiver of premiums and surrender charges, we also ask that you consider developing additional standards that would allow for insurers to offer repayment plans to policyholders who are behind on their premiums and are either at risk of lapsing their policies or have already lapsed their policies and desire reinstatement. As you may recall, during the pandemic, certain states required insurers to offer repayment plans to their policyholders after their Do Not Lapse (DNL) periods expired, and some insurance departments required insurers to offer repayment plan options in their premium grace period bulletins after a natural disaster.

Thanks again for this opportunity to provide comments. If you have any questions, please feel free to contact me.

Respectfully submitted,



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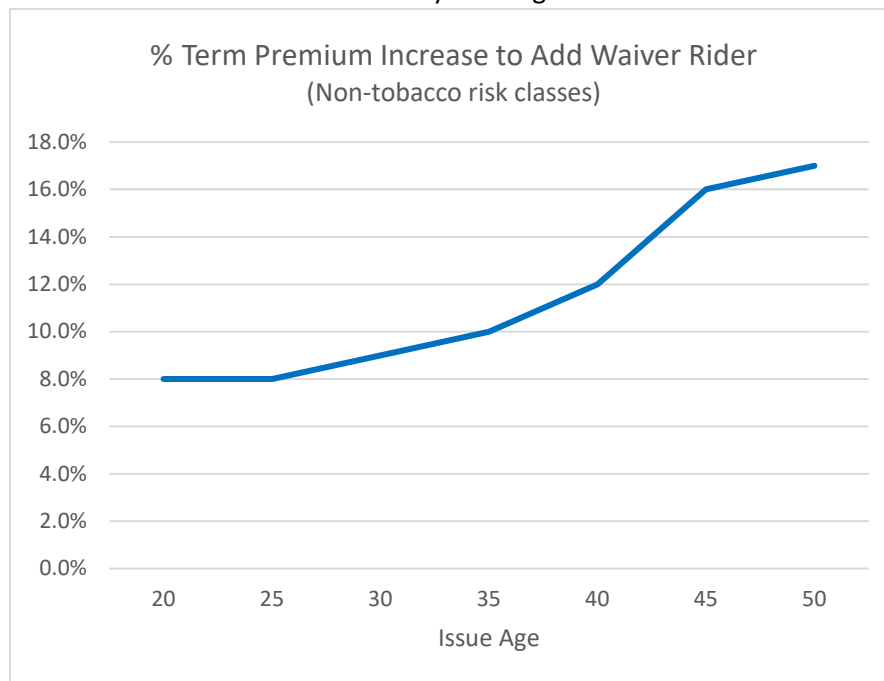
WP Compact Standards Letter:

The Waiver of Premium Standards should not be more restrictive than the Individual Disability Income Standards

- The additional standards for Waiver of Premium (WP) benefits for total disability and other qualifying events should not be more restrictive than the WP provision in the standards for Individual Disability Income (IDI) Insurance Policies. Requiring all premiums to be waived for the insured under the policy if the insured's total disability begins before the benefit anniversary on which the insured attains age 60 and persists to age 65 (i.e., premiums waived under the policy even after recovery) is materially more stringent than the IDI standard—which waives premiums only while total disability continues and not beyond the stated benefit period which typically occurs until age 65/67 depending on the policy design.

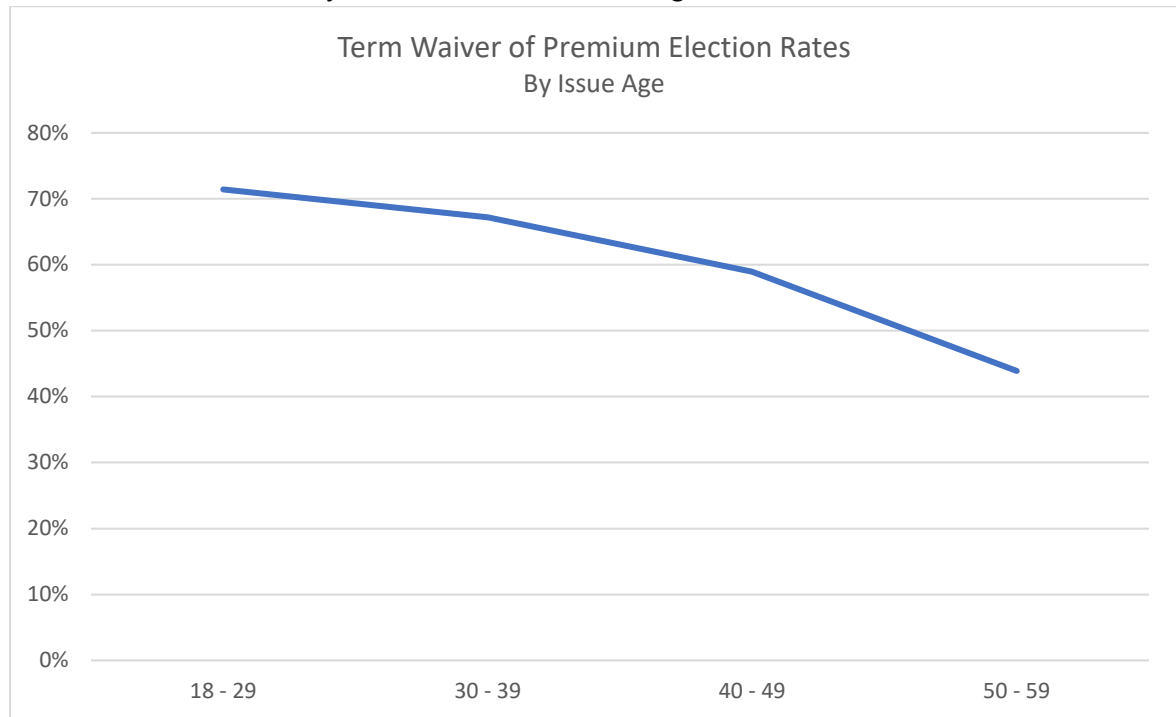
The current standards result in disproportionate higher premiums for older issue age insureds

- The current standard forces higher premiums, particularly for older issue Term insureds. The following chart shows the premium increase as percent of the base premium when Waiver of Premium is added to the contract by issue age:



The added cost results in considerably lower election rates, leading to fewer customers with protection in the event of disability until retirement age or when other benefits may begin. The

following chart shows election rates of approximately 70% for individuals age 40 or younger, but Waiver election is close to just 40% for those over the age 50:



Insureds arguably no longer need WP at age 65 due to receiving other benefits

- WP exists to keep policies in force during the working years when a disabling event eliminates wages. By age 65, most insureds have transitioned from wage income to retirement and public programs such as Social Security retirement benefits and Medicare. Those benefits generally replace income or reduce expenses enough that the WP benefit is no longer needed.

Proposed new standard

- 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.