

November 17, 2025

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

**RE: Proposed Amendments to the *Standards for Accidental Death Benefits* and
*Additional Standards for Accidental Death and Dismemberment Benefits***

Members of the Product Standards Committee (PSC):

The American Council of Life Insurers (ACLI)¹ would like to thank you once again for giving us the opportunity to provide comments on the Compact's proposed amendments to the *Standards for Accidental Death Benefits* and the *Additional Standards for Accidental Death and Dismemberment Benefits*.

We continue to believe that it is in the best interest of policyholders that your proposed 3:1 limit on accidental death benefits (ADB) apply only to life insurance policies that have an underlying death benefit amount of less than \$5,000. It is important to note that it is the applicant who makes decisions about how much coverage to purchase based on the facts and circumstances of his or her unique needs, including affordability and various risk factors such as occupation and lifestyle.

We are not aware of any state that imposes an ADB limit. However, if the PSC continues to believe that an ADB limit is necessary, as an alternative, we recommend that the limit be increased as the amount of the underlying death benefit increases, with there being no limit once the death benefit is \$100,000 or more. Once the death benefit amount exceeds \$100,000, it is no longer *de minimis*, regardless of its ratio to the ADB. Additionally, the amount of ADB coverage, and thus the ratio, will naturally be limited by the insurer's risk tolerance.

We recommend the following ADB limits:

For death benefits up to \$4,999 – 3:1 ADB limit
For death benefits from \$5,000 to 24,999 – 5:1 ADB limit
For death benefits from \$25,000 to \$99,999 – 10:1 ADB limit
For death benefits of \$100,000 or more – No ADB limit

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.

With regard to graded death benefits, to avoid possible misinterpretation, we ask that language be added to the standards to explicitly exempt graded death benefit products from any ADB limit during the early duration period. We are concerned that without an explicit exemption, the existing language in the standards could lead to objections on typical graded death benefit designs. Therefore, we recommend clarifying that graded death benefits should not be used as the base for applying any ADB limit.

Consider a graded death benefit policy which pays a sickness death benefit in years 1-2 of 110% of the cumulative premiums, an annual premium for \$10,000 face amount is \$250, illustrated in the table below:

Policy	Annual	Accident	Any Cause
<u>Year</u>	<u>Premium</u>	<u>DB</u>	<u>DB</u>
1	\$250	\$10,000	\$275
2	250	10,000	550
3	250	10,000	10,000
4	250	10,000	10,000
5	250	10,000	10,000
6+	250	10,000	10,000

A reviewer could interpret the phrase “life insurance death benefit” in the draft language as just the amount payable for *all-cause death*—for example, \$275 in Year 1—rather than the full death benefit including the accidental portion. By this reasoning, the application of any ADB limit might be inappropriately applied to the \$275 (or \$550 in Year 2), rather than the intended \$10,000.

While the graded death benefit standards clearly anticipate graded death benefits as a percentage of premium (as one allowed approach), this does not guarantee that the above design would be viewed favorably, because the product could be modified to comply by charging a higher premium while still setting the graded death benefit as 110% of cumulative premiums (first illustration below) or by setting the graded death benefit to 35% of the face amount (second illustration below).

Policy	Annual	Accident	Any Cause
<u>Year</u>	<u>Premium</u>	<u>DB</u>	<u>DB</u>
1	\$3,500	\$10,000	\$3,850
2	3,500	10,000	7,700
3	3,500	10,000	10,000
4	0	10,000	10,000
5	0	10,000	10,000
6+	0	10,000	10,000

Policy	Annual	Accident	Any Cause
<u>Year</u>	<u>Premium</u>	<u>DB</u>	<u>DB</u>
1	\$250	\$10,000	\$3,500
2	250	10,000	3,500
3	250	10,000	10,000
4	250	10,000	10,000
5	250	10,000	10,000
6+	250	10,000	10,000

Therefore, we request explicit reference in the accidental death benefit standards to be clear that they exclude the difference between the all-cause death benefit and the full face amount (the amount payable after the graded death benefit period ends).

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

Respectfully submitted,

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