

**Agenda Item 2. Receive updated report from the Group Disability Income Subgroup of the Product Standards Committee regarding the status of drafting of Group Disability Income Uniform Standards.**

Betsy Jerome, Utah, Vice-Chair of the Product Standards Committee (PSC), provided an update on the work of the Group Disability Income Subgroup. The Subgroup meets weekly with the focus of the calls to date on finalizing a few revisions made since the last Public Call in May to the Core Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups and providing recommendations for Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Disability Income Insurance Policy Changes and Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Disability Income Insurance Certificate Changes. The purpose of today's Public Call is to receive feedback on the revisions to the Core Standards as well as the recommendations for the two new sets of standards.

Ms. Jerome noted that the PSC is now finalizing its review of the Uniform Standards for Enrollment Forms and Statement of Insurability Forms as well as the Standards for Statement of Insurability Change Forms. Once the PSC finalizes its recommendations for those standards, it will review the rate standards. As the PSC completes its reviews, the Committee will hold Public Calls as needed to receive comments on the drafts. The goal of the Committee is to have a recommendation for the complete suite of Group Disability Income Insurance Uniform Standards for the Management Committee's August 14 meeting.

**Agenda Item 3. Receive Public Comments on revisions to the Mix and Match Provision of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.**

The Vice-Chair noted that prior to the call, the IIPRC office distributed the redline draft of the Group Disability Income Uniform Standards which included recommendations for revisions to the Mix and Match provision on page 1. There were no written comments received on this agenda item. Sue Ezalarab, Wisconsin asked if the PSC would confirm that it would not be permissible to Mix and Match a group disability income insurance rider with health products. Ms. Jerome stated that the draft provision states "these standards are available to be used in combination with state-approved group life insurance policies and annuity contracts ..." and does not reference health products. There were no further oral comments from any parties on this topic.

**Agenda Item 4. Receive Public Comments on revisions §4 REQUIRED PROVISIONS C. CONTINUATION OF GROUP DISABILITY INSURANCE PROVISIONS APPLICABLE WHEN SUCH INSURANCE IS TRANSFERRED FROM ONE GROUP DISABILITY INSURANCE COMPANY TO ANOTHER**

The Vice Chair noted that the PSC received written comments from the Industry Advisory Committee (IAC). Miriam Krol, ACLI, representing the IAC noted that the Industry originally submitted these additional standards to reflect the Discontinuance and Replacement state requirements in situations where an employer moves its group insurance plan from one company to another. The companies would like the PSC to consider updates to this provision of the draft to include situations where, in addition to a group disability income insurance plan, an employer may have employees insured under individual disability income insurance policies sold through the worksite and sponsored by the employer. She noted that these policies usually supplement the group disability income insurance coverage. Ms. Krol stated that the IAC submitted recommended revisions for the group's consideration.

David Bolton, Oregon, asked for clarification of crediting for the incontestability period in a situation where the percentage of pre-disability earnings payable as a benefit increases with the new plan. Industry

representatives confirmed that in a situation where the prior plan covered, for example, 50% of the pre-disability earnings and the new plan was for 60%, that the new plan would credit the incontestability period for the 50% pre-disability earnings, but the remaining 10% additional benefit would not receive this credit since it was a new benefit.

There were no further oral comments from other parties on this agenda item. Ms. Jerome stated that the PSC would review and discuss the proposal on its next member only call.

**Agenda Item 5. Receive Public Comments on additional revisions to § 9. BENEFIT PROVISIONS B. DISABILITY BENEFITS REDUCED ON ACCOUNT OF OTHER BENEFITS OR INCOME (1)(m).**

The Vice-Chair noted that this provision allows disability benefits payable under the certificate to be reduced by third party settlements. There were several discussions of this provision and both the IAC and Consumer Advisory Committee (CAC) previously submitted written comments. The change to this provision that is the subject of comment on this call is the amendment to allow offset for third party settlements that are for amounts received, minus legal fees, specifically for disability income from any third party settlements. Written comments were received from the IAC.

Miriam Krol provided an overview of the industry's comments noting that Industry does not object to the addition of "minus legal fees," but has concerns with the introduction of the words "disability income" and limiting the offset to settlements only. She noted that settlements often are lump sums without specific itemization of the damages covered. She also noted that some cases are not finalized through settlement, rather there is a judgment. Industry suggests revising the language to state "amounts received by a *Covered Person* from a third party, not including legal fees, in connection with a *Disability* which the *Covered Person* suffers because of an act of omission of the third party."

Fred Nepple, representing the CAC stated that the IAC proposal would make the insurance company "first in line" for such an offset whereas if there was no permissible offset and only subrogation, the *Covered Person* could receive disability benefits under the policy first then the insurance company could subrogate. Mr. Nepple reiterated his prior written comments (included in the redline draft on Pages 70-71) and stated that the allocation issue would not be a concern if there was no offset, since in subrogation, all damages would need to be identified. Mr. Nepple said he would provide further written examples to illustrate his comments.

There were no further oral comments from other parties on the definitions.

**Agenda Item 6. Receive Public Comments on additional revisions to § 10 INCIDENTAL BENEFIT PROVISIONS H. CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA) INSURANCE PREMIUM BENEFIT (4)**

The Vice Chair noted that in prior discussions about this provision, the PSC deleted the notice requirement since it was not required by any state law and members believed it might confuse the Covered Person. The IAC then requested that the PSC reconsider deleting this provision, noting that sometimes employers mistakenly believe that including a description of the COBRA incidental benefit fulfills their federal law responsibility to provide notice of COBRA rights. The proposed revisions included changing the notice requirement from mandatory to optional.

Ms. Jerome stated that after further discussion, the PSC asked the CAC to comment on the notice, and while the CAC agreed the notice could be helpful, they thought the draft notice was geared more to the Employer than to the Covered Person and could be confusing, so they suggested redrafting the notice. The PSC's decision, subject to comment on this call, was that it was more appropriate to have this optional provision for a notice in the Policy, rather than the certificate, since it was for the Employer, not the Covered Person.

There were no written comments received on this agenda item.

Miriam Krol, IAC stated that Industry had no opposition to this change but asked if it could also be included in the Certificate. Ms. Jerome requested that she submit her comments in writing for the PSC's consideration.

**Agenda Item 7. Receive Public Comments on the draft UNIFORM STANDARDS FOR RIDERS, ENDORSEMENTS OR AMENDMENTS USED TO EFFECT GROUP DISABILITY INCOME INSURANCE POLICY CHANGES**

Ms. Jerome noted that the only recommended change the PSC made to this draft was to update the Mix and Match provision as was agreed to by the PSC for the Core standards. The revision in the Core Standards did not generate any comment earlier on today's call. There were no written comments received on this agenda item.

David Bolton, Oregon, said that he submitted written comments opposing the Mix and Match provision. IIPRC staff noted that the only comments that they had from Oregon was an email to the Subgroup for a Member only meeting and that the PSC was provided with a copy of the email on a subsequent member only call and had considered them and made no changes to the draft. The IIPRC staff asked Mr. Bolton to submit copies of the comments he stated he submitted for the Public Call so that they could be distributed to all interested parties, made a part of the record, and considered.

There were no other oral comments on this item.

**Agenda Item 8. Receive Public Comments the draft UNIFORM STANDARDS FOR RIDERS, ENDORSEMENTS OR AMENDMENTS USED TO EFFECT GROUP DISABILITY INCOME INSURANCE CERTIFICATE CHANGES**

The Vice-Chair noted that like the previously discussed standards, the only change recommended to these standards was to update the Mix and Match provision. There were no written comments received on this agenda item. There were no oral comments received.

**Agenda Item 9. Any Other Matters**

The Vice-Chair requested that all parties who commented on the call and had not previously put their comments in writing as well as anyone who had additional feedback, submit written comments to [comments@insurancecompact.org](mailto:comments@insurancecompact.org) by Friday June 19, 2015. All written comments will be posted to the Events Calendar for this call on the IIPRC website. She stated that the PSC will review the comments and consider if any revisions should be made to the relevant provisions in these Uniform Standards.