

**DATE:** August 15, 2011  
**TO:** IIPRC Management Committee  
**FROM:** Industry Advisory Committee  
**SUBJECT:** Oklahoma Comments Dated June 24, 2011  
DI Standards Dated April 25, 2011

We have been in communication with Oklahoma regarding their comments and provided them with the following responses:

**Re: Permissible Limitations and Exclusions, Item (9), Page 19**

The item concerns *Intoxicants, Narcotics or Other Controlled Substances*.

Oklahoma argues that the language of the item is broad enough to limit or exclude benefits for loss that results from the insured's intoxication, *even if the insured is intoxicated by Oklahoma standards but has not broken any other Oklahoma law*. Apparently Oklahoma has a low ratio for determining blood alcohol levels and the DOI is sensitive to this fact.

For an example, a person is drinking at home in Oklahoma, climbs a ladder, falls and breaks a leg. If the person seeks immediate treatment and the medical care provider determines (through blood tests) that the person was intoxicated, *Oklahoma is requiring that a company pay disability benefits as result of the broken leg since the person did not violate any other Oklahoma law*. But if the person drove himself to the hospital and injured others or damaged property and gets a DUI ticket, then the company can deny the claim.

No similar objection is made for *narcotics or other controlled substances* [Person gets stoned at home in Oklahoma, climbs a ladder, falls and breaks a leg. If the person seeks immediate medical treatment and the medical care provider determines (through blood tests) that the person was under the influence, Oklahoma appears to be OK that the company has the right to deny the claim.].

We believe that a company should have the right to exclude or limit certain risks brought on by the insured's behavior – this allows a company to make disability coverage more affordable. This is also a public policy issue: why reward those who injure themselves while intoxicated?

**Re: Permissible Limitation or Exclusion, Item (16), Page 21**

This item concerns *War, Riot and Insurrection*.

It should be noted that the word “terrorism” is not included, as was suggested in Oklahoma’s comments. Additionally, the Drafting Note following sub-item (a) states that “declared or undeclared war or an act of war....does not include terrorist acts.”

We believe that none of sub-items (a), (b) and/or (c), if included as permissible limitations or exclusions, could have been used by a company to deny disability income benefits for the Murrah Building bombing in 1995. The bombing was not a result of a declared or undeclared act of war as defined in the standard; it was not a result of a riot or insurrection – note that injury sustained by “innocent bystanders” is excluded from such limitation or exclusion; it was not a result of active duty in the armed forces of any nation.

We also advised Oklahoma that the same language is currently included in all individual life standards, LTC standard and now DI standards.

Submitted by:

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