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Subject: Request for comments IIPRC PSC Public Comment Meeting 7/17/18
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Since we are no longer included on the PSC committee, I appreciate this opportunity to offer a few personal observations and questions on your two posted agenda items:

On my return flight this week, there was a full page advertisement in the Alaska In-flight Magazine from a law firm requesting that they be contacted about any Disability Insurance adverse claim problems. (no mention of SSDI) What is being allowed in the disability insurance product line that would make it worthwhile for this law firm to take out a full page advertisement?

Could it be the same “innovative features” that are being changed from the previously approved IIPRC individual disability product standards completed over ten years ago, that I and many other experienced regulators completed and remained largely unchanged in the first five year review.

Some of the larger states did not join the compact since they thought the product standards were not as high as their consumer protections standards. A few other states opted out of the Disability and LTC products. (another “innovative product design” that caused consumer complaints and now guarantee fund problems for those who did not request the innovation) It appears that a ounce of strong regulatory product standards and review before issue, could prevent pounds of problems on the back-end. The insurance companies need to be protected from adverse selection in the regulatory review process but is what we learned from LTC, that we need even more innovative product designs of which the future outcome for consumers is uncertain?

While the compact guidelines state that the five year review process is not to be used to re-litigate prior issues decided by the PSC, we had over 100 pages of recommended changes, many of which were rejected by the PSC in the original adopted individual product standards. I have written two previous responses stating our specific concerns with changes to the individual disability product standards. For problems with the changes to “own occupation definition” please see the article in health underwriters magazine that I worked on with Richard Pollock. For the one year own-occupation period why shouldn’t the definition of “own occupation” be the specific job and job title that was held just prior to disability. Does the title of “manager” held with a specific company now mean “any manager position” in a like industry in the national economy”. What prevents mix and match endorsements/amendments that changed the definition of “own occupation and in a national economy” that may have been approved by the individual states and could be attached to the compact disability product filing.

My concern with the second agenda item of the “Proposed Prioritization and Plan to Address Gaps in the Individual Life and Annuity Uniform Standards” is that many of these appear to have already been discussed and not included in the IIPRC national product standards. The question then was the same as now, that is stated on the last page by the compact office comments, “what is the purpose of this product?” The question is not if some items have been approved by the states but specifically what changes were made prior to approval. For example, for the “Return of Premium Riders” were they approved under our state product standards with a return for the premium of the base

insurance plan and the return of the costs of the rider, or did the large premium for the rider, fund most of return of premium for the base insurance contract. The details are important and why drafting national product standards would be desirable.

The other concern is the same with the fully underwritten individual disability product standards being lowered because we allowed changes in the provisions in the group disability product standards. Even though very few employers are paying the full premium for even group disability. If we change the annuity product standards, how long will it be until they need to be included in the universal and indexed life insurance product standards. This appears to start to become a pattern and I can not recall many recommended changes from the consumer protection committee that could raise consumer protections in the IIPRC product standards. "Suitability" appears to start in the insurance product design process.

Thanks again for letting me present my thoughts on this matter.

David Bolton Oregon