



IIPRC-DI-I-H11-POL

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**STANDARDS FOR INDIVIDUAL DISABILITY INCOME INSURANCE POLICIES
CHECKLIST**

Effective Date: November 19, 2018

Scope: The *Standards for Individual Disability Income Insurance Policies* shall apply to individual disability income insurance products (policies and riders) that are individually underwritten, including such plans that are marketed through employer and association sponsored groups (“multi-life” plans). The benefits provided may be short term, long term or combined short term and long term.

As used in these standards, “disability income” means an individual insurance product that provides a periodic income if the insured becomes *Disabled*, including such plans that are marketed through employer and association sponsored groups (“multi-life” plans).

Separate additional standards will apply for buy-sell plans, key-person plans, and business overhead expense plans. Consult the Interstate Insurance Product Regulation Commission website to determine when these additional standards are available for filing.

Mix and Match: These standards are not available to be used in combination with State Product Components as described in Section 111(b) of the *Operating Procedure for the Filing and Approval of Product Filings*, except that these standards are available to be used in combination with state-approved individual life insurance policies and annuity contracts, provided that the disability income rider and all the components associated with the disability income rider, e.g. application and rates, are filed and approved in accordance with the applicable uniform standards.

Self-Certification: These standards are not available to be filed using the *Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission*.

Drafting Notes:

- (1) The references to “policy” or “plan” do not preclude Fraternal Benefit Societies from substituting “certificate” in their forms.
- (2) Any reference to “policy” in these standards shall not include a group policy or a group certificate because these standards only apply to individual forms.

§ 1. ADDITIONAL FILING SUBMISSION REQUIREMENTS

A. GENERAL

Yes	N/A	
		(1) For new policy filings, the filing shall indicate the respective application, the outline of coverage, the rate schedules to be used with the policy.

		(2) Include all forms filed for approval with the filing. Changes to a previously approved form shall be highlighted.
		(3) Subsequent disability income insurance filings submitted for approval shall include only those forms being submitted for approval and should specify any other forms previously approved by the IIPRC that will be used with the subsequently filed form(s).
		(4) The specifications page of a policy shall be completed with hypothetical data that is realistic and consistent with the other contents of the policy and any required actuarial filings.
		(5) If the filing contains variable items, include a Statement of Variability that presents reasonable and realistic ranges for each item. The filing shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements of the Variability of Information section, including any requirements for prior approval of a change or modification.
		(6) Include a certification signed by a company officer that the policy has a minimum Flesch Score of 50.
		(7) If the filing is being submitted on behalf of the company, include a letter or other document authorizing the firm to file on behalf of the company.
		(8) If the filing contains an insert page, include an explanation of when the insert page will be used.
		(9) Include a description of any innovative or unique features of each policy form.

B. ACTUARIAL SUBMISSION REQUIREMENTS

Yes N/A

		(1) Include the information required by the initial rate filing standards of the Interstate Insurance Product Regulation Commission.
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C. VARIABILITY OF INFORMATION

Yes N/A

		(1) The company may identify items that will be considered variable. The items shall be bracketed or otherwise marked to denote variability. Variability shall be limited to benefit data applicable to the owner or insured, Disability benefits, amounts, durations, and premium information. Variability may also include the limitations and exclusions that are required to comply with applicable law in the state where the policy is delivered or issued for delivery under Section 3.F. (3), (11) and (12). The filing shall include a Statement of Variability that will discuss the conditions under which each variable item may change as well as the alternative content to which the item may change.
		(2) Any change or modification shall be limited to only new issues of the policy and shall not apply to in force policies.
		(3) A change in any variable outside of the conditions discussed in the Statement of variability requires prior approval.
		(4) Notwithstanding Paragraph (1) above, items such as the insurance department address and telephone number, company address and telephone number, officer titles and signatures of officers located in other areas of the policy may be denoted as

		variable and changed without notice or prior approval.
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D. READABILITY REQUIREMENTS

Yes	N/A	
		(1) The policy text shall achieve a minimum score of 50 on the Flesch reading ease test or an equivalent score on any other approved comparable reading test. See Appendix A for Flesch methodology.
		(2) The policy shall be presented, except for specification pages, schedules and tables, in not less than ten point type, one point leaded.
		(3) The style, arrangement and overall appearance of the policy shall give no undue prominence to any portion of the text of the policy or to any endorsements or riders.
		(4) The policy shall contain a table of contents or an index of the principal sections of the policy, if the policy has more than 3,000 words printed on three or fewer pages of text or if the policy has more than three pages regardless of the number of words.

§ 2. GENERAL FORM REQUIREMENTS

A. COVER PAGE

Yes	N/A	
		(1) The full corporate name, including city and state of the insuring company shall appear in prominent print on the cover page of the policy. “Prominent print” means, for example, all capital letters, contrasting color, underlining or otherwise differentiating from the other type on the form.
		(2) A marketing name or logo may also be used on the cover page of the policy provided that the marketing name or logo does not mislead as to the identity of the insuring company.
		(3) The company’s complete mailing address for the home office or other office that will administer the policy shall appear on the cover page of the policy. The cover page of the policy shall include a telephone number of the company and, if available, some method of Internet communication. The telephone number of the insurance department of the state where the policy is delivered or issued for delivery is also required on either the cover page or the first specifications page.
		(4) Two signatures of company officers shall appear on the cover page of the policy.
		(5) A Right to Examine Policy provision shall appear on the cover page of the policy or be visible without opening the policy.
		(6) A form identification number shall appear at the bottom of the form in the lower left hand corner of the form. The form number shall be adequate to distinguish the form from all others used by the company. The form number shall include a prefix of ICCxx (where xx represents the appropriate year the form was submitted for filing) to indicate it has been approved by the Interstate Insurance Product Regulation Commission.
		(7) A brief description shall appear in prominent print on the cover page of the policy or is visible without opening the policy. The brief description shall contain at least the following information:

		(a) A statement that <i>Disability</i> income coverage is being provided;
		(b) A statement as to whether the policy is <i>Conditionally Renewable</i> , <i>Guaranteed Renewable</i> , or <i>Noncancellable</i> ;
		(c) A conspicuous statement as follows: <i>Preexisting Condition</i> limitations or exclusions and other limitations or exclusions may apply. Please read your policy carefully;
		(d) For a policy with a <i>Benefit Period</i> of less than six months, a conspicuous statement indicating that the policy provides a limited duration of benefits and specify the duration.
		(e) A statement as to any benefit limits or reductions due to the attainment of certain ages; and
		(f) A statement as to whether the policy is <i>Participating</i> or <i>Non-Participating</i> .

B. SPECIFICATIONS PAGE

Yes	N/A	
		(1) The specifications page shall include the <i>Disability</i> benefits, amounts, durations, premium information, and any other benefit data applicable to the owner or insured. Any policy fee shall be identified.
		(2) If rates are scheduled to increase due to the attainment of certain ages by the insured or due to the duration of the policy, the specifications page shall include an applicable schedule of rates. For a policy issued on a non-cancellable basis that subsequently changes to <i>Conditionally Renewable</i> at a specified age, the specifications page that is initially provided shall include only the schedule of rates that initially applies.
		(3) If the rates included on the current specifications page are subsequently changed, a revised specifications page shall be issued for the policy.
		(4) If the policy is a <i>Participating</i> policy, the specifications page shall indicate that the dividends are not guaranteed. In addition, if the company does not intend to credit dividends, then the specifications page shall state that dividends are not expected or anticipated to be paid.

C. FAIRNESS

Yes	N/A	
		(1) The policy shall not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, provisions that are against public policy as determined by the Interstate Insurance Product Regulation Commission, or contain exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the policy.

§ 3. POLICY PROVISIONS

A. AMENDMENTS, RIDERS AND ENDORSEMENTS

Yes	N/A	
		(1) Except for amendments, riders or endorsements by which the company effectuates a

		<p>request made in writing by the owner under an individual disability income insurance policy, all riders or endorsements added to an individual disability income insurance policy on or after its date of issue or at reinstatement or renewal that reduce or eliminate benefits or coverage in the policy shall require signed acceptance by the owner, except if the decreased benefits or coverage are required by applicable law. After the date of policy issue, any amendment, rider or endorsement which increases benefits or coverage with a concomitant increase in premium during the policy term shall be agreed to in writing signed by the owner, except if the increased benefits or coverage are required by applicable law. Where a separate additional premium is charged for benefits provided in connection with amendments, riders or endorsements, the premium charge shall be set forth in the policy, amendment, rider or endorsement.</p>
		<p>(2) The policy may permit the company to make unilateral changes in the policy if a change or clarification in applicable law officially compels the company to make such changes to an in-force policy. In such case, the policy shall provide that the company shall make unilateral changes to the minimum extent required to comply with applicable law. The policy shall also provide for timely notification before the change becomes effective (no less than 30 days unless the change or clarification in applicable law officially compels the company to use a shorter time period) and a statement that the company will provide the effective date of the change to the owner.</p> <p>Drafting Note: Terms and conditions stated in certain policies (often in policy renewal provisions) eliminate or curtail the company's right to make unilateral changes to the language and/or premium rates of in-force policies either for the entire time the policy is in force or for stated time periods while the policy is in force. These limitations placed upon the company in the policy terms and conditions are marketed by the company as safeguards for an insured from any possible adverse unilateral company changes to in-force coverage. The intent of Paragraph (2) above is to clarify the ability of the company to make only required and necessary unilateral changes to any in-force policy only when the company is compelled to do so due to a change or clarification in applicable law.</p> <p>Drafting Note: These standards are modified, as required or permitted by law, to enable fraternal to implement their respective articles and bylaws. See Appendix B.</p>

B. DEFINITIONS AND CONCEPTS

The policy shall define certain terms or describe concepts that, as used in the policy, will have specific meanings. If the policy contains the terms or describes the concepts set forth below, the definitions of the terms or descriptions of the concepts shall be consistent with the standards set forth below. The actual terms or concepts may vary as long as the language used to define the actual terms or describe the concepts is consistent with the standards set forth below. The terms may be defined or concepts described in a definitions section of the policy, or the terms may be defined or concepts described in a policy provision that is a logical place for the definitions or concept descriptions.

Yes N/A

		<p>(1) “Activities of Daily Living (ADL’s)” means at least <i>Bathing, Contenance, Dressing, Eating, Toileting</i> and <i>Transferring</i>.</p>
		<p>(2) “Bathing” means washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.</p>
		<p>(3) “Beneficiary” means the person or persons designated as such in the application. If the policy will include benefits for which a <i>Beneficiary</i> may be designated, the policy shall contain a <i>Beneficiary</i> provision. The provision shall state that, unless the owner designates an irrevocable <i>Beneficiary</i>, the right to change the <i>Beneficiary</i> is reserved to the owner, and the consent of the <i>Beneficiary</i> shall not be required to:</p> <p>(a) Terminate or assign the policy; (b) Change the <i>Beneficiary</i>; or (c) Make any other changes in the policy.</p> <p>The company has the option not to permit the designation of an irrevocable <i>Beneficiary</i>.</p>
		<p>(4) “Benefit Period” means, subject to satisfaction of all policy terms and conditions by the insured, the length of time for which a <i>Disabled</i> insured can be paid periodic (usually monthly) income benefit amounts under the policy. A policy shall provide for at least three consecutive months of periodic income benefits, subject to the requirements of 82.A.(7).</p>
		<p>(5) “Catastrophic Disability” means that a company may use a Definition or Concept of <i>Catastrophic Disability</i> that always pays a monthly periodic income benefit amount in addition to any other <i>Disability</i> benefit amounts, subject to satisfaction of all policy terms and conditions by the insured.</p> <p>Instead of a monthly periodic income benefit amount, the company may pay a single “lump sum” benefit amount of no less than \$1,000 for <i>Catastrophic Disability</i>.</p> <p>The definition/concept of <i>Catastrophic Disability</i> shall be triggered by an inability of the insured to perform, due to <i>Injury</i> or <i>Sickness</i>, a maximum (the company may reduce the number to one, but cannot raise it above two) of two <i>Activities of Daily Living (ADLs)</i>.</p> <p>The definition/concept shall also be triggered by the <i>Cognitive Impairment</i> of the insured.</p> <p><i>Catastrophic Disability</i> benefits may have separate <i>Elimination Periods</i> and separate <i>Benefit Periods</i> apart from other <i>Disability</i> benefits of the policy, or <i>Catastrophic Disability</i> benefits may use the same <i>Elimination Periods</i> or same <i>Benefit Periods</i> used for other <i>Disability</i> benefits of the policy. Regardless of the <i>Elimination Period</i> designs of the policy, the <i>Elimination Period</i> shall not be longer than one year if the insured meets the policy triggers for two or more types of <i>Disability</i>, one of which is <i>Catastrophic Disability</i>, subject to satisfaction of all policy terms and conditions by the insured.</p> <p>Regardless of the <i>Benefit Period</i> designs of the policy, an insured shall be</p>

		<p>guaranteed a minimum of one year of <i>Catastrophic Disability</i> benefit payments (the one year period of <i>Disability</i> benefit payments shall exclude any time devoted to satisfaction of <i>Elimination Periods</i>), subject to satisfaction of all policy terms and conditions by the insured.</p> <p>The company may add other triggers, such as loss of two arms or two legs, as long as they are properly described in the policy.</p> <p><i>Catastrophic Disability</i> benefits shall only be directly related to income losses of the insured on account of <i>Catastrophic Disability</i> due to <i>Injury</i> or <i>Sickness</i>.</p> <p><i>Catastrophic Disability</i> benefits shall not directly or indirectly provide any coverage for long term care services, and shall contain a prominent disclosure of this fact.</p>
		<p>(6) “Cognitive Impairment” means a deficiency in the insured’s short or long-term memory, orientation as to person, place and time, deductive or abstract reasoning, or judgment as it relates to safety awareness.</p>
		<p>(7) “Concurrent Disability” means one continuous period of <i>Disability</i> that is caused or is continued by more than one <i>Injury</i> or <i>Sickness</i>. Benefits for a <i>Concurrent Disability</i> will be paid as if the <i>Concurrent Disability</i> was caused by one <i>Injury</i> or one <i>Sickness</i>. In no event will an insured be considered to have more than one continuous period of <i>Disability</i> at the same time.</p>
		<p>(8) “Conditionally Renewable” means that renewal of the policy is based on certain conditions, which shall be clearly described in the policy. A company may decline to renew on the basis of class, geographic area or for stated reasons other than the deterioration of the insured’s health.</p>
		<p>(9) “Contagious Disease(s)” means a condition that the Division of Communicable Disease Control of the Centers for Disease Control and Prevention works to promptly identify, prevent and control. This includes infectious diseases that pose a threat to public health, including emerging and re-emerging infectious diseases, vaccine preventable agents, bacterial toxins, bioterrorism and pandemics. If an insurance company will not cover all such <i>Contagious Diseases</i>, the policy shall specify which <i>Contagious Diseases</i> will be covered.</p>
		<p>(10) “Continence” means the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).</p>
		<p>(11) “Cost of Living Index” means an index used to measure the rate of change over time of the cost of living, such as the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the United States Department of Labor. The index shall be specified in the policy. The policy shall state that if any index is discontinued or if the calculation of any index is changed substantially, the company may substitute a comparable index subject to approval by the Interstate Insurance Product Regulation Commission. The approval shall be contingent on the company providing the Interstate Insurance Product Regulation Commission with either confirmation that the index has been discontinued or documentation of the substantial change to the index and the reasons supporting the need for the index to be discontinued. The contract shall also state that, before a substitute index is used,</p>

		<p>the company shall notify the owner of the substitution.</p> <p>If the index is temporarily delayed, the company may compute the value of any benefits due during the period the index is unavailable using any method that takes into consideration the most recently available information with respect to the index. Once the index becomes available, the company shall adjust any future benefits payable to reflect any benefit overpayments or underpayments made while the index was unavailable.</p>
		(12) “ Death Benefits ” means, subject to satisfaction of all policy terms and conditions by the insured, the benefit to be paid due to the death of the insured resulting from an <i>Injury</i> and/or <i>Sickness</i> .
		(13) “ Disability ” or “ Disabled ” means that due to <i>Injury</i> or <i>Sickness</i> , the insured meets the definition of <i>Partial Disability</i> , <i>Residual Disability</i> or <i>Total Disability</i> , or the insured meets other <i>Disability</i> benefit triggers specified in the policy. Other <i>Disability</i> benefit triggers may include:
		(a) The insured is terminally ill with a life expectancy of 12 months or less, as certified by a <i>Physician</i> ;
		(b) The insured is unable to perform a specified number of <i>Activities of Daily Living</i> . The insurance company shall not require this benefit trigger to require the inability to perform more than two <i>Activities of Daily Living</i> ;
		(c) The insured is <i>Cognitively Impaired</i> , suffering significant and irreversible deterioration or loss of intellectual capacity, as measured by clinical evidence and standardized tests commonly accepted for use in the medical community.
		(d) The insured is confined as an inpatient in a skilled nursing home or <i>Rehabilitation</i> facility where a daily room and board charge is made;
		(e) The insured is receiving home health care or hospice care;
		(f) The insured is a risk for transmitting a <i>Contagious Disease</i> and the ability to perform the <i>Substantial and Material Duties</i> of the insured’s <i>Occupation</i> is restricted by a state licensing board or by another appropriate government authority because the risk of transmission of a <i>Contagious Disease</i> to others with whom the insured may be in contact.
		(14) “ Dressing ” means putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
		(15) “ Earnings ” means the amount of income received by an insured. The policy shall identify the various income sources and/or components that are considered <i>Earnings</i> and those that are not. The definition or concept shall provide that:
		(a) If the insured is an employee, <i>Earnings</i> may include salary, wages, commissions and bonuses, before taxes, as reported for federal income tax purposes; and/or
		(b) If the insured is self-employed, <i>Earnings</i> may include salary, wages, commissions, bonuses, the insured’s share of the business net profit and contributions to a pension and/or profit sharing plan made by the business on behalf of the insured. The amounts included are before taxes and as reported for federal income tax purposes. For the purpose of this Item (b), “self-employed” means the owner of a sole-proprietorship, a partner in a partnership, a member in a limited liability company, a shareholder in a closely held non-public

		<p>corporation or an insured as a business owner in other legal business entities. The definition or concept of Earnings may exclude capital gains, dividends, interest, rent, royalties, annuities, investment income, deferred compensation plan income or other forms of income realized from sources not requiring the insured's performance of actual services. The definition or concept of Earnings shall exclude benefits such as formal sick pay plans, individual and group disability income insurance plans or retirement plans. <i>Earnings</i> may be considered on a periodic basis (for example, monthly or weekly) so long as the periodic basis is consistent with the treatment of other terms referring to an insured's Earnings used in the policy and used to arrive at certain Disability benefit payments.</p>
		<p>(16) <i>"Eating"</i> means feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.</p>
		<p>(17) <i>"Elimination Period"</i> means, subject to satisfaction of all policy terms and conditions by the insured, the length of time an insured shall wait before periodic income benefit amounts are paid under the policy. Periodic income benefit amounts may or may not accrue during the <i>Elimination Period</i> at the option of the company. The length of time required to satisfy the <i>Elimination Period</i> may, but need not consist of, consecutive units of time. The trigger for the start of the <i>Elimination Period</i> shall be commencement of Disability for the insured as defined in the policy. The definition or concept may specify a separate <i>Elimination Period</i> for Injury and a separate <i>Elimination Period</i> for Sickness. In policies issued with <i>Benefit Periods</i> of less than six months, the application of an <i>Elimination Period</i> alone or in conjunction with a qualification period (see definition of <i>Residual Disability</i>) cannot result in the postponement of payment of periodic income benefit amounts to a <i>Disabled</i> insured in excess of 45 days from the commencement of a <i>Disability</i>. In policies issued with <i>Benefit Periods</i> of six months to one year, the application of an <i>Elimination Period</i> alone or in conjunction with a qualification period (see definition of <i>Residual Disability</i>) cannot result in the postponement of payment of periodic income benefit amounts to a <i>Disabled</i> insured in excess of 90 days from the commencement of a <i>Disability</i>.</p>
		<p>(18) <i>"Guaranteed Renewable"</i> means that the insured has the right to continue the policy in force by the timely payment of premiums set forth in the policy until at least age 65, or as an alternative, until receipt of retirement benefits under the Social Security Act of the United States. During such period, the company shall not unilaterally make any change in any provision of the policy while the policy is in force, except that the company may make changes in premium rates by classes. This policy may also become <i>Conditionally Renewable</i> after age 65 at the option of the company.</p> <p>Drafting Note: See also Amendments section for renewal provision language that may be added at company discretion concerning changes or clarification in applicable law.</p>
		<p>(19) <i>"Hands-on Assistance"</i> means physical assistance (minimal, moderate or maximal) without which an insured or <i>Spouse</i>, as applicable, would not be able to perform an <i>Activity of Daily Living</i>.</p>
		<p>(20) <i>"Hospital"</i> means an institution that is licensed as a <i>Hospital</i> by the proper authority of the state in which it is located. The term does not include any institution,</p>

		<p>or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, and facilities primarily affording custodial, educational or rehabilitative care.</p>
		<p>(21) “Injury” means bodily injury resulting from an accident, independent of disease or bodily injury, that occurs on or after the policy effective date and while the policy is in force. The company may indicate that the Injury shall be sustained independent of <i>Sickness</i>. The definition or concept shall not use words such as “external, violent, visible wounds” or similar words of characterization or description. The definition or concept shall state that the <i>Disability</i> shall have occurred within a specified period of time (not less than 30 days) of the <i>Injury</i>, otherwise the condition shall be considered a <i>Sickness</i>.</p>
		<p>(22) “Mental or Nervous Disorder” shall be no more restrictive than those classified in the Diagnostic and Statistical Manual of Mental Disorders (DSM), published by the American Psychiatric Association (APA), most current version as of the start of a <i>Disability</i>. If the DSM is replaced by the APA, these disorders will be those classified in the diagnostic manual then in use by the APA as of the start of a <i>Disability</i>. At the discretion of the company, the definition or concept may refer to: 1. disorders listed in the DSM, or 2. only certain disorders listed in the DSM. If the APA no longer publishes a diagnostic manual or the APA ceases to exist, the company may substitute a comparable diagnostic manual subject to approval by the Interstate Insurance Product Regulation Commission before use of the comparable diagnostic manual.</p> <p>Drafting Note: The company shall have the ability to exclude certain DSM disorders from the definition or concept. Inclusion or exclusion of DSM disorders may expand or restrict coverage for the insured. When inclusion or exclusion of DSM disorders restricts coverage, such restrictions shall be consistent with the Interstate Insurance Product Regulation Commission standards for the exclusions and limitations sections of the policy.</p>
		<p>(23) “Noncancellable” means that the insured has the right to continue the policy in force by the timely payment of premiums set forth in the policy until at least age 65, or as an alternative, until receipt of retirement benefits under the Social Security Act of the United States. During this period, the company shall not unilaterally make any change in any provision of the policy (including premium rates) while the policy is in force. This policy may also become <i>Conditionally Renewable</i> after age 65 at the option of the company.</p> <p>Drafting Note: See also Amendments section for renewal provision language that may be added at company discretion concerning changes or clarification in applicable law.</p>
		<p>(24) “Non-Participating” means that the company does not allocate divisible surplus to the policy and, therefore the owner does not share in the divisible surplus of the company.</p>
		<p>(25) “Occupation” means a position or professional calling for which a person receives or can receive remuneration.</p> <p>Drafting Note: If the policy includes the terms “any <i>Occupation</i>,” “own</p>

		<i>Occupation</i> ” or similar terms, the policy shall define these terms accordingly.
		(26) “ Partial Disability ” or “ Residual Disability ” means that due to an Injury or Sickness, the insured is unable to perform one or more, but not all of the <i>Substantial and Material Duties</i> of an <i>Occupation</i> for which he or she is qualified by reason of education, training or experience, or the inability to perform all of the <i>Substantial and Material Duties</i> of an <i>Occupation</i> for which he or she is qualified by reason of education, training or experience for as long as usually required.
		(a) The benefit trigger may be described in terms of a reasonable reduction in the insured’s time worked expressed as hours per week or otherwise due to <i>Disability</i> .
		(i) In order to trigger benefits, an insured shall be working at least 20% but no more than 80% of the time worked just before a <i>Disability</i> began.
		(ii) The benefit may be stated in terms of paying a stated percentage of the <i>Total Disability</i> periodic income benefit amounts, and the stated percentage of the <i>Total Disability</i> periodic income benefit amount shall be no less than 20% and no greater than 80%.
		(iii) An insured working greater than 80% of time worked just before a <i>Disability</i> began may be deemed ineligible for <i>Partial Disability</i> benefits.
		(iv) An insured working less than 20% of time worked just before a <i>Disability</i> began or earning less than 20% of <i>Prior Earnings</i> shall be considered working 0% or a 100% reduction in average <i>Prior Earnings</i> for the claim time period, subject to satisfaction of all policy terms and conditions by the insured. Drafting Note: 80% may be reduced to as low as 50% if the company gives prominent notice of the lower threshold.
		(b) Alternatively, the benefit trigger may be described in terms of a reasonable reduction in the insured’s <i>Earnings</i> due to <i>Disability</i> .
		(i) An insured shall be earning at least 20% but no more than 80% of <i>Prior Earnings</i> .
		(A) The benefit may be stated in terms of paying a stated percentage of the <i>Total Disability</i> periodic income benefit amounts, and the stated percentage of the <i>Total Disability</i> periodic income benefit amount shall be no less than 20% and no greater than 80%.
		(B) If the reduction in <i>Earnings</i> of an insured for a claim time period (usually monthly) equals or exceeds 80% of average <i>Prior Earnings</i> (calculated for a comparable time period), then the insured’s reduction of average <i>Prior Earnings</i> shall be considered a 100% reduction in average <i>Prior Earnings</i> for the claim time period subject to satisfaction of all policy terms and conditions by the insured.
		(C) If the reduction in <i>Earnings</i> of an insured for a claim time period (usually monthly) is less than 20% of average <i>Prior Earnings</i> (calculated for a comparable time period) it may result in no benefits being paid. Drafting Note: 80% may be reduced to as low as 50% if the company gives prominent notice of the lower threshold.

		(ii) The reduction in <i>Earnings</i> of an insured shall be measured by comparing <i>Earnings</i> for a claim time period (usually monthly) to average <i>Prior Earnings</i> (calculated for a comparable time period).
		(A) The percentage of the <i>Total Disability</i> periodic income benefit amounts paid shall be calculated by subtracting current <i>Earnings</i> for a claim time period (usually monthly) from average <i>Prior Earnings</i> (calculated for a comparable period of time), and placing this difference as the numerator over average <i>Prior Earnings</i> (calculated for a comparable time period) as the denominator. This fraction shall be converted to a percentage, and the percentage multiplied by the <i>Total Disability</i> periodic income benefit amounts to arrive at the <i>Partial or Residual Disability</i> benefit paid for a claim time period.
		(B) Alternatively, this can be expressed as a formula, such as: the difference between <i>Prior Earnings</i> and current <i>Earnings</i> divided by <i>Prior Earnings</i> , multiplied by the <i>Total Disability</i> periodic income benefit amounts.
		(c) <i>Partial or Residual Disability</i> benefits may be predicated upon a qualification period during which the insured shall be <i>Totally Disabled</i> before <i>Partial or Residual Disability</i> benefits are paid. The qualification period may be in lieu of the <i>Elimination Period</i> or in addition to the <i>Elimination Period</i> but the combined <i>Elimination Period</i> and qualification period, if any, for <i>Partial/Residual Disability</i> benefits cannot exceed that for <i>Total Disability</i> . A company may require care by a <i>Physician</i> . Drafting Note: Benefits may be predicated on the insured being <i>Totally Disabled</i> , not on receipt of <i>Total Disability</i> benefits. In no event shall the combined <i>Elimination Period</i> and qualification period, if any, for <i>Partial/Residual Disability</i> benefits exceed that for <i>Total Disability</i> .
		(27) “ Participating ” means that the company may allocate divisible surplus to the policy and, if it does so, the owner may share in the divisible surplus of the insurance company.
		(28) “ Physician ” means a person legally licensed to practice medicine or psychology and acting within the scope of his or her license, or a health care practitioner who is legally licensed, and is acting within the scope of his or her license, to treat an Injury or Sickness causing <i>Disability</i> . The definition or concept may exclude the insured, the owner, the assignee, any person related to the insured, owner or assignee by blood or marriage, any person who shares a significant business interest with the insured, owner or assignee, or any person who is a partner in a legally sanctioned domestic partnership or civil union with the insured, owner or assignee.
		(29) “ Preexisting Condition ” means a condition for which symptoms existed that would cause an ordinarily prudent person to seek diagnosis, care or treatment within a one-year period preceding the effective date of the coverage of the insured, or for which medical advice, diagnostic testing, or treatment was recommended by a <i>Physician</i> or received from a <i>Physician</i> , or for which a qualified health professional prescribed drugs or medications within a two-year period preceding the effective date of the coverage of the insured. The term “coverage of the insured” as used in this definition or concept refers to initial coverage amounts when a policy is first issued, and it may, at company discretion, also refer to coverage increase amounts which are

		<p>issued after the policy is first made effective when those coverage increase amounts are subject to evidence of medical insurability. In the case of coverage increase amounts subject to evidence of medical insurability, the time periods in this definition or concept run anew from the effective dates of the increased coverage amounts and apply anew only to the coverage increases.</p>
		<p>(30) “Presumptive Disability” shall contain benefit triggers indicating that, due to <i>Injury</i> or <i>Sickness</i>, an insured suffers a total and permanent loss of one or more of the following body functions: (a) speech, (b) hearing in both ears, (c) sight in both eyes, (d) use of both arms, (e) use of both legs, or (f) use of one arm and one leg. Total and permanent loss of any one of the six body functions shall be sufficient to trigger any benefits based upon <i>Presumptive Disability</i>. Benefits for <i>Presumptive Disability</i> shall consist of any one of the following: (a) payment of additional monthly periodic income benefits or “lump sum” benefit amounts related to income losses of the insured (always additional to other <i>Disability</i> benefits paid under the policy, subject to satisfaction of all policy terms and conditions by the insured), (b) waiver of any <i>Elimination Period</i> under the policy, (c) waiver of any requirement of care by a <i>Physician</i> under the policy, (d) waiver of any time periods to access waiver of premium benefits under the policy, and (e) waiver of usual benefit triggers to access benefits for <i>Total Disability</i>, <i>Partial Disability</i> or <i>Residual Disability</i> under the policy. The company may provide more than one of the five benefits listed above based upon the <i>Presumptive Disability</i> of the insured. The Interstate Compact Commission will consider approval of other benefits based upon <i>Presumptive Disability</i> so long as the other benefits: (a) are in addition to all other <i>Disability</i> benefits of the policy, (b) do not replace other <i>Disability</i> benefits of the policy, and (c) are always more favorable to an insured than just providing other <i>Disability</i> benefits under the policy.</p>
		<p>(31) “Prior Earnings” or “Pre-Disability Earnings” means the measurement of Earnings of an insured just before <i>Disability</i> began. In order to provide an accurate and fair measure of <i>Earnings</i> of an insured just before <i>Disability</i> began (which is generally used as one component in disability income policy language measuring an insured’s reduction of <i>Earnings</i> to arrive at certain disability policy benefit payment amounts), the company cannot consider <i>Earnings</i> of an insured which occurred in excess of five years just prior to the <i>Disability</i> for which claim is made. The insured’s <i>Earnings</i> just before <i>Disability</i> began may be considered on a periodic basis (for example, monthly) so long as the periodic basis is consistent with the treatment of other terms referring to an insured’s <i>Earnings</i> used in the policy and used to arrive at certain disability policy benefit payment amounts for a claim. If a company considers <i>Earnings</i> of an insured which occurred in excess of one year (but no more than five years) just prior to the <i>Disability</i> for which claim is made, the company shall include policy language which allows for use of the highest level of <i>Earnings</i> (during a calendar year or consecutive 12-month basis at the company’s option) of an insured occurring during the period in excess of one year (but no more than five years) just prior to the <i>Disability</i> for which claim is made. The Definition or Concept may provide that <i>Prior Earnings</i> or <i>Pre-Disability Earnings</i> may be increased at one or more specified times by a cost of living adjustment.</p>
		<p>(32) “Recurrent Disability” means a <i>Disability</i> that occurs within a specified period of time immediately following a prior period of <i>Disability</i> and which is due to the same</p>

		<p>or related cause applicable to the prior period of <i>Disability</i>. The specified period of time used to determine whether a subsequent period of <i>Disability</i> is a continuation of a prior period of <i>Disability</i> cannot exceed 180 days for a policy with a Benefit Period of five years or less, or 365 days for a policy with a <i>Benefit Period</i> greater than five years. The definition or concept may also provide that a subsequent period of <i>Disability</i> resulting from the same or related cause as a prior period of <i>Disability</i> will not be considered a new period of <i>Disability</i> unless the insured returns to work (not to exceed 40 hours per week), or actively seeks employment during the intervening period of time.</p>
		<p>(33) “Rehabilitation” means a program of receiving services that is geared toward aiding an insured to better perform his or her <i>Occupation</i> or any <i>Occupation</i> for which he or she is fitted by reason of education, training or experience.</p>
		<p>(34) “Sickness” means illness, disease or complications of pregnancy, that first manifests itself on or after the effective date of the policy and while the policy is in force. The requirement that the <i>Sickness</i> “first manifest itself” shall not override the provision entitled Time Limit for Certain Defenses Other Than Misstatements in the Application.</p> <p>(a) <i>Disability</i> benefits for pregnancy will be paid on the same basis as for <i>Sickness</i>. (b) The company shall accept a <i>Physician’s</i> diagnosis of complications of pregnancy.</p> <p>Drafting Note: This definition or concept is expressed as a benefit trigger. In lieu of the phrase “first manifests itself” the phrase “is diagnosed or treated” may be used. See Permissible Limitations or Exclusions section, <i>Preexisting Condition</i> for how the meaning of the Definition or Concept <i>Sickness</i> interrelates with the meaning of the Definition or Concept <i>Preexisting Condition</i> and permissible <i>Preexisting Condition</i> time limitations on benefits on or after the policy effective date. This Definition or Concept may interrelate with other policy provisions, riders, amendments or endorsements.</p>
		<p>(35) “Spouse” means the insured’s lawful <i>Spouse</i> and any other person required to be covered as the insured’s <i>Spouse</i> under the civil union, domestic partnership, marriage or other family or domestic relations laws, including the case law, of the state where the policy is delivered or issued for delivery. The term “<i>Spouse</i>” may be modified as required by applicable federal law. The term may also be modified to include any person who is in a domestic partnership, civil union or similar relationship whether or not such relationship is legally recognized provided that an insurable interest exists;</p>
		<p>(36) “Substantial and Material Duties” means the important tasks, functions and operations generally required for an <i>Occupation</i> that cannot be reasonably omitted or modified. This term may include an insured’s ability to work on a regular work schedule for a specified number of hours.</p>
		<p>(37) “Substantial Assistance” means <i>Assistance</i> or stand-by help required to perform <i>Activities of Daily Living</i>.</p>
		<p>(38) “Toileting” means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene</p>
		<p>(39) “Total Disability” means a definition of <i>Total Disability</i> no more restrictive than</p>

		<p>indicating that during the first 12 months of a <i>Total Disability</i>, excluding the <i>Elimination Period</i>, an insured is unable to perform the <i>Substantial and Material Duties</i> of the insured’s own <i>Occupation</i> and is not in fact engaged in any job or <i>Occupation</i> for wage or profit.</p> <p>The policy may provide that after the first 12 months of <i>Total Disability</i> the company may predicate the continuance of benefits on the insured’s inability to perform the <i>Substantial and Material Duties</i> of any work or <i>Occupation</i> for which he or she is qualified by reason of education, training or experience. The policy may also provide that a company may require an insured to have an inability to perform the <i>Substantial and Material Duties</i> of his or her own <i>Occupation</i> after the first 12 months of a <i>Total Disability</i>.</p> <p>An insured shall not be required to be unable to perform “any <i>Occupation</i> whatsoever, “any occupational duty,” or “each and every duty of his or her <i>Occupation</i>” or words of similar import.</p> <p>A company may require care by a <i>Physician</i>. If it can be shown that the insured has reached his or her maximum point of recovery, yet is still <i>Totally Disabled</i> under the terms of the policy, the care and attendance of a <i>Physician</i> on a regular basis is not required.</p>
		<p>(40) “<i>Transferring</i>” means moving into or out of a bed, chair or wheelchair.</p>

C. REQUIRED PROVISIONS

Each policy shall contain all of the provisions as set forth below. The company may, at its option, substitute for one or more of the provisions below corresponding provisions of different wording approved by the Interstate Insurance Product Regulation Commission as not less favorable in any respect to the insured and/or owner.

Yes N/A

		<p>(1)Claim Forms. The policy shall include a provision obligating the company to furnish a claimant with claim forms. Upon receipt of a notice of claim, the company will furnish to the claimant forms usually furnished by the company for filing proofs of loss. If the forms are not furnished by the company within 15 days after the giving of such notice, the claimant shall be deemed to have complied with the requirements of the policy as to proof of loss when the claimant submits written proof covering the occurrence, character and extent of the loss for which claim is made within the time stated in the policy for filing proofs of loss.</p>
		<p>(2)Conformity with Interstate Insurance Product Regulation Commission Standards. The policy shall state that it was approved under the authority of the Interstate Insurance Product Regulation Commission and issued under the Commission standards. The policy shall also state that any provision of the policy that on the provision’s effective date is in conflict with the applicable Interstate Insurance Product Regulation Commission standards for this product type in effect as of the provision’s effective date of Commission contract approval is hereby amended to conform to the applicable Interstate Insurance Product Regulation Commission standards in effect as of the provision’s effective date of Commission policy approval.</p>

		(3) Eligibility. The policy shall include provisions addressing any conditions of eligibility that may apply on or after the effective date of the policy.
		(4) Entire Contract. The policy shall include a provision regarding what constitutes the entire contract between the company and the owner. No document may be included by reference. This provision shall also state that no change in the policy shall be valid until approved by an executive officer of the company, and such approval needs to be endorsed or attached to the policy for the approved change to be binding on the owner. Drafting Note: These standards are modified, as required or permitted by law, to enable fraternal to implement their respective articles and bylaws. See Appendix B.
		(5) Evidence of Insurability. If the policy requires evidence of insurability on or after the effective date of the policy, the policy shall explain those conditions, which may include, but not be limited to, medical, financial and occupational requirements, as applicable. Evidence of insurability shall not be required for eligibility for benefits under in-force coverage. The company may not use medical evidence of insurability on or after the effective date of the policy to affect renewal of an in-force policy. Except as provided in the Change of Occupation provision, the company may not use evidence of insurability on or after the effective date of the policy to transfer an insured to a less favorable underwriting class.
		(6) Grace Period. (a) The policy shall include a grace policy provision and describe the conditions of the provision.
		(b) A grace period shall be provided for the payment of any Premium due except for the first, as follows: (i) For premiums paid on a weekly basis, at least seven (7) days; (ii) For premiums paid on a monthly basis, at least ten (10) days; (iii) For all other premium mods, at least thirty-one (31) days.
		(c) The coverage shall continue in force during the grace period. However, if premium is not paid by the end of the grace period, coverage will automatically end on the date of the last period for which premium was paid.
		(d) In a policy which the company reserves the right to refuse renewal, the grace period provision shall state that the owner has a grace period unless, not less than 30 days prior to the renewal date, the company has delivered to the owner (or sent by first class mail to the owner) written notice of the company’s intent not to renew the policy beyond the period for which premium has been accepted by the company. The provision shall state that the company may refuse renewal of the policy, only as of the renewal date occurring on, or nearest the policy’s first anniversary, or as of an anniversary of such renewal date, or at the option of the company, as of the renewal date occurring on or nearest the anniversary of the policy’s date of last reinstatement.
		(7) Legal Actions. The policy shall include a provision stating that no action at law or in equity shall be brought to recover on the policy prior to the expiration of 60 days after written proof of loss has been furnished in accordance with the requirements of the policy. The policy shall also state that no such action shall be brought after the expiration of three years after the time written proof of loss is required to be furnished.

		<p>(8) Misstatements in the Application. The policy shall include one of the following provisions:</p>
		<p>(a) Incontestable. At the discretion of the company, a policy which the owner has the right to continue in force subject to its terms by timely premium payments until at least the insured’s age 50 (or for at least five years in the case of a policy issued after the insured’s age 44) may include an Incontestable provision in lieu of the Time Limit for Certain Defenses provision. This Incontestable provision, if used by the company, shall state that, after the initial coverage or subsequent increases in coverage has been in force for a period of two years during the lifetime of the insured, the coverage shall become incontestable as to statements made in the application. The company may add a phrase to this Incontestable clause giving the company the right to toll the running of the two year period during any period when the insured is disabled.</p>
		<p>(b) Time Limit for Certain Defenses. The policy may include this provision stating that, after two years from the date of issue of the initial coverage or subsequent increases in coverage, no misstatements by the insured in his or her application for insurance shall be used by the company to void the policy or deny a claim for loss incurred or disability commencing after the expiration of such two year period. The two-year period shall not apply to fraudulent misstatements made by the applicant.</p> <p>Drafting Note: This provision is not using the terms “Disability” or “Disabled” as defined in the definitions and concepts section and purposely uses a small “d.” This is necessary so that losses incurred or disabilities commencing on or after the coverage effective date which are: (a) due to <i>Injury</i> or <i>Sickness</i> and are not <i>Preexisting Conditions</i> (i.e. meet the standards for <i>Disability</i> or <i>Disabled</i>) or (b) due to conditions disclosed in the application, but the company takes no express underwriting action for those conditions, are included within the parameters of these standards for this specific provision dealing with application misstatements.</p>
		<p>(9) Notice of Claim.</p> <p>(a) The policy shall include a provision for notice of claim. Such a provision shall state that written notice of claim shall be given to the company within 20 days after the occurrence or commencement of any loss covered by the policy or as soon thereafter as reasonably possible. Notice given by the owner to the company at an office designated by the company or to any authorized agent of the company shall be deemed notice to the company.</p>
		<p>(b) In a policy providing a periodic income benefit which may be paid for at least two years, the provision may state that the insured shall, at least once in every six months after having given notice of claim, give to the company notice of continuance of disability, except in the event of legal incapacity of the insured. In calculating the six months noted in the preceding sentence, the period of six months following any filing of proof by the insured or any payment by the company on account of such claim or any denial of liability in whole or part by the company shall be excluded in applying the provision. Delay in the giving of such notice stated in this provision shall not impair the insured’s right to any indemnity which would otherwise have accrued during the period of six months</p>

		preceding the date on which such notice is actually given by the insured.
		Drafting Note: See Drafting Note in Paragraph (8) above.
		(10) Participation. If the policy is <i>Participating</i> , the conditions of the participation shall be included in the policy.
		(11) Payment of Claims. (a) The policy shall include a provision stating to whom indemnities shall be paid under the policy. Indemnities for loss of life shall be paid in accordance with the <i>Beneficiary</i> designation and any other express provisions stated in or attached to the policy effective at the time of payment. If no such designation or express provisions are effective at time of payment, indemnities for loss of life shall be paid to the estate of the insured. Accrued indemnities for which the policy provides periodic payment that are unpaid at the insured’s death may, at the option of the company, be paid to the <i>Beneficiary</i> designated for loss of life or to the estate of the insured. All other indemnities will be paid to the insured.
		(b) If the company has opted to include a policy provision that states that any indemnity of the policy shall be provided to the estate of the insured, or to an insured or <i>Beneficiary</i> who is a minor or otherwise not competent to give a valid release, the provision may state that the company may pay the indemnity, up to an amount not exceeding \$5,000 to any relative by blood or connection by marriage of the insured or <i>Beneficiary</i> who is deemed by the company to be equitably entitled thereto. Any payment made by the company in good faith under this provision shall fully discharge the company to the extent of such payment. The policy shall include a description of the process for appealing and resolving benefit determinations.
		(c) The policy may include a provision that after a specified period of periodic claim payments, the company may offer a lump sum payment in lieu of future periodic payments.
		(i) The company shall not require that the insured select the lump sum payment option.
		(ii) The policy shall specify the benefit triggers for the optional lump sum payment.
		(iii) The value of the lump sum shall not be lower than the present value of the remaining periodic claim payments. The present value may reflect the use of an appropriate <i>Disabled</i> life mortality table and interest rate. The maximum interest rate shall not exceed the greater of:
		(A) The current yield on 90-day treasury bills available on the date of the lump sum payment; or
		(B) The current maximum adjustable policy loan interest rate based on the Moody’s Corporate Bond Yield Averages – Monthly Average Corporates published by Moody’s Investor Service, Inc., or successor thereto, for the calendar month ending two months before the date of the lump sum payment. The policy loan interest rate is that which is permitted under the NAIC Model Policy Loan Interest Rate Bill (#590);
		(12) Payment of Premium. The policy shall include a provision describing the terms and conditions for the payment of premiums. The policy shall provide for payment

		<p>of the initial premium on or before the policy effective date. A refund of unearned premium shall be made in the event of death or at the owner’s request to discontinue coverage.</p> <p>Drafting Note: This provision should not be construed to abrogate any rights which an applicant has under a conditional receipt, interim insurance agreement or other similar form issued by the company when the company or its agent accepts initial premium for coverage at time of application.</p>
		<p>(13) Physical Examinations and Autopsy. The policy shall include a provision stating that the company, at its expense, shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require for the duration of a claim under the policy and to make an autopsy, at its expense, in case of death where it is permitted by law.</p>
		<p>(14) Proofs of Loss.</p> <p>(a) The policy shall include a provision describing how to submit proofs of loss. This provision shall state that written proof of loss shall be furnished to the company at an office address specifically identified by the company in the policy.</p>
		<p>(b) In the case of claims for loss for which the policy provides any periodic payment contingent upon continuing loss, written proof of loss shall be furnished to the company within 90 days after termination of the period for which the company is liable.</p>
		<p>(c) In the case of claims for loss other than loss for which the policy provides any periodic payment contingent upon continuing loss, written proof of loss shall be furnished to the company within 90 days after the date of loss</p>
		<p>(d) Failure to furnish proof of loss within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity of the insured, later than one year from the time proof is otherwise required.</p>
		<p>(15) Reinstatement. The policy shall include a reinstatement provision describing the company procedures when a renewal premium is not timely paid by an owner.</p>
		<p>(a) When the owner does not timely pay a renewal premium and the company or an agent duly authorized to accept premium payment subsequently accepts payment of the renewal premium without requiring an application, this provision shall state the policy is reinstated as of the date of receipt of the renewal premium.</p>
		<p>(b) When the owner does not timely pay a renewal premium and the company or its agent requires an application for reinstatement, this provision shall state that the policy is reinstated upon approval of the application by the company; or, if the company does not act to approve the application, the policy is reinstated on the 45th day following the date of receipt of the application for reinstatement unless the company has given notice to the owner of company disapproval of the application previous to the expiration of the 45 day time limit. Evidence of insurability may be required.</p>
		<p>(c) This provision shall state that the reinstated policy shall cover loss resulting from accidental injury sustained on or after the date of reinstatement and loss due to</p>

		<i>Sickness</i> as may begin on or after the date of reinstatement. The company may add riders, amendments or endorsements to the reinstated policy complying with these standards.
		(d) Any premium accepted with a reinstatement shall be applied to a period for which the owner did not previously pay premium, but not to any period more than 60 days prior to the date of reinstatement. (The last sentence may be omitted from any policy which the owner has the right to continue in force subject to its terms by timely premium payment until at least the insured's age 50 or, in the case of a policy issued after the insured's age 44, for at least five years from its date of issue.)
		(e) Misstatements in the application for reinstatement are subject to the same standards for misstatements in the original application. The company may impose a reasonable time limit to apply for reinstatement, but in no event less than six months from the termination date of the policy.
		(16) Required Total Disability Benefit. A <i>Disability</i> income policy shall provide a benefit for at least <i>Total Disability</i> . <i>Disability</i> income policies providing benefits only for <i>Partial</i> , <i>Residual</i> or <i>Catastrophic Disabilities</i> or any disabilities less than <i>Total Disability</i> shall not be approved by the Interstate Insurance Product Regulation Commission. At the company's option, a disability income policy may or may not provide coverage for disabilities in addition to a required benefit for <i>Total Disability</i> .
		(17) Right to Examine Policy. (a) The Right to Examine Policy provision appearing on the cover page or that is visible without opening the policy shall provide a minimum of 30 days for the owner to examine the policy, beginning on the date the policy is received by the owner.
		(b) The provision shall include a requirement for the return of the policy to the company or an agent of the company, and state that the policy is considered void from the beginning and the parties shall be in the same position as if no policy had been issued. The provision shall state that if the policy is returned, a refund of any premium paid, including any policy fees or other charges shall be made.
		(18) Suspension of Coverage While in Military Service. (a) The policy shall include a provision that entitles persons in military service to have their coverage suspended during a period of military service. To be entitled to coverage suspension an insured shall:
		(i) Be in the military service (land, sea or air) of any nation or international authority or in a reserve component of the armed forces of the United States, including the National Guard; and
		(ii) Have entered voluntarily or involuntarily upon active duty or had active duty voluntarily or involuntarily extended (other than for the purpose of determining physical fitness and other than for training). The policy may state that there shall be no entitlement to coverage suspension for a period of active military training lasting three months or less.
		(b) The company may restrict the period of suspension of coverage to five years beyond the date of suspension but not to exceed the period of active duty. The policy shall state that in the implementation of the coverage suspension:
		(i) The owner shall make a written request to the company or its agent for

		coverage suspension providing information that the insured is eligible for the coverage suspension; and
		(ii) The company shall suspend the coverage for eligible insureds from the earlier of the date of receipt of the owner’s written request for coverage suspension or the date military service begins (or a later date if requested by the owner) and refund any unearned premiums for the period of suspension.
		(c) The policy shall state that there will be no coverage during the period of suspension, and the owner will have to pay no premiums during the period of coverage suspension. Upon termination of active duty, the owner shall have the right to resume coverage without the insured giving evidence of insurability, and the resumption of coverage shall be on the same basis as before the coverage suspension took effect. No exclusion, limitation or modification of coverage shall be imposed in connection with coverage of the health or physical condition of an insured entitled to resumption of coverage (or the health or physical condition of any other person covered by the policy as a dependent who is not entitled to exercise resumption of coverage). These are the exceptions:
		(i) The exclusion, limitation or modification was stated in the policy prior to the period of suspension (in the case of a waiting period, the waiting period had not been completed prior to the period of suspension); or
		(ii) The company may exclude, limit or modify coverage for any <i>Disability</i> that occurred during the period the policy was suspended. If coverage is excluded, only disabilities from a <i>Sickness</i> which first manifests itself or an <i>Injury</i> which occurs after the policy is restored will be covered.
		(d) The policy shall state that in calculating the expiration of a waiting period for a condition that did not arise during a period of active duty, the entire waiting period shall equal the waiting period that would have applied before coverage suspension took effect and time elapsed before and after the period of suspension shall be used to determine satisfaction of the entire waiting period.
		(e) Coverage shall be resumed as of the date of termination of active duty subject to written application and payment of the required premiums not less than 90 days after the date of termination of the period of active duty. Required premiums will be the same as they would have been if coverage had remained in force without any coverage suspension, and required premiums for resumption of coverage shall be paid for a period commencing no earlier than the date of termination of active duty.
		(19) Time Limit for Certain Defenses Other Than Misstatements in the Application.
		(a) The policy shall include a provision that no claim for loss incurred or disability commencing after two years from the policy issue date shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of the policy. This time limit shall not apply to fraudulent misstatements in the application.
		(b) However, for underwritten coverage increases issued subsequent to initial policy issuance, the policy may state that a new two year time period applies from issuance of the underwritten coverage increases, and that any such new two year time period applies only to the underwritten coverage increase. This time limit

	<p>shall not apply to fraudulent misstatements in the application for coverage increase.</p> <p>Drafting Note: This provision does not use the term “<i>Disability</i>” or “<i>Disabled</i>” as described in the definitions or concepts section because the statutory origin of the language to be used in this required policy provision requires a broader meaning.</p>
	<p>(20) Timely Payment of Claims. The policy shall include a provision stating when a company shall be required to pay claims. Indemnities provided under the policy for any loss, other than loss for which the policy provides any periodic payment, shall be paid immediately upon receipt of due written proof for such type of loss. Subject to due written proof of loss, all accrued indemnities for loss for which the policy provides periodic payment shall be paid no less frequently than monthly and any balance remaining unpaid upon termination of liability of the company shall be paid immediately upon receipt of due written proof of loss. The policy shall state that if a claim is paid more than 30 days after a company receives satisfactory proof of loss, as described in the policy, the delayed payment shall be subject to simple interest at the rate of 10% per year beginning with the 31st day after receipt of satisfactory proof of loss and ending on the day the claim is paid.</p>

D. OPTIONAL PROVISIONS

The Interstate Insurance Product Regulation Commission may approve the following optional provisions if the provisions meet the standards as set forth below. The company may, at its option, use a provision of different wording approved by the Interstate Insurance Product Regulation Commission that is not less favorable in any respect to the insured and/or the owner. The company may include in the policy one or more of these optional provisions.

Yes N/A

	<p>(1) Arbitration. Only arbitration provisions that permit voluntary post-dispute binding arbitration shall be allowed in policy forms. With respect to such a provision, the following guidelines apply:</p>
	<p>(a) Arbitration shall be conducted in accordance with the rules of the American Arbitration Association (“AAA”), before a panel of 3 neutral arbitrators who are knowledgeable in the field of disability income insurance and appointed from a panel list provided by AAA.</p>
	<p>(b) Arbitration shall be held in the city or county where the owner lives.</p>
	<p>(c) The cost of arbitration shall be paid by the company, to include any deposits or administrative fee required to commence a dispute in arbitration, as well as any other fee including an arbitrator’s fee.</p>
	<p>(d) Where there is an inconsistency between these guidelines and AAA rules, these guidelines control.</p>
	<p>(2) Assignment. The policy may include an assignment provision. The provision shall describe the procedures for an assignment. Unless otherwise specified by the owner, an assignment will take effect on the date the assignment is signed subject to any payments made or actions taken by the company prior to receiving notice of the assignment. The provision may state that the company shall not be liable for the validity of the assignment.</p>

		<p>(3) Change of Occupation. The policy may include a provision regarding when an insured becomes injured or sick after having changed his <i>Occupation</i> to one classified by the company as more hazardous than that stated in the policy or when an insured is doing for compensation anything pertaining to a more hazardous <i>Occupation</i> as classified by the company. This provision may state that the company, upon receipt of proof of such change of <i>Occupation</i>, shall pay only such portion of indemnities provided in the policy as the premium paid would have purchased at the rates and within the limits fixed by the company for the more hazardous <i>Occupation</i>.</p> <p>When an insured changes an <i>Occupation</i> to one classified by the company as less hazardous than that stated in the policy, the company, upon receipt of proof of such change of <i>Occupation</i>, shall reduce the premium rate accordingly, and the company shall return the excess pro-rata unearned premium from the date of change of <i>Occupation</i> or from the policy anniversary date immediately preceding receipt of proof of change of <i>Occupation</i>, whichever date is more recent.</p> <p>This provision shall state that the classification of <i>Occupational</i> risk and the premium rates shall be those last approved for the company by the Interstate Insurance Product Regulation Commission prior to the occurrence of the loss for which the company is liable or prior to date of proof of change in <i>Occupation</i>.</p>
		<p>(4) Misstatement of Age, Sex or Tobacco Use Status. The policy may include a provision that shall state that if the insured's age, sex or tobacco use status has been misstated, all amounts payable under the policy shall be amounts as the premium paid would have purchased at the correct age, sex, or tobacco use status. The company may terminate coverage and refund premiums if the correct age at the time of issue is outside the issue age ranges of the form.</p>
		<p>(5) Ownership. The policy may include an ownership provision. If included, the provision shall:</p>
		<p>(a) Describe the procedures for designating or changing the owner and indicating when the designation is effective; and</p>
		<p>(b) Indicate that the insured is the owner unless there is an owner designation different from the insured, with a proper insurable interest, is in effect.</p>
		<p>(6) Procedures for Review of a Denial of a Claim. The policy may include a provision for review of denial of a claim. If included;</p>
		<p>(a) The provision shall state that the insured must request, in writing, a review of the denial of claim within a specified number of days after the insured receives notice of the denial.</p>
		<p>(b) The policy shall include a provision that an insured has the right to review, upon request and free of charge, copies of all documents, records, and other information relevant to the insured's claim for benefits, and the insured may submit written comments, documents, records and other information relating to the claim for benefits.</p>
		<p>(c) The policy shall include a provision that the insurance company will review an insured's claim after receiving the insured's request and send the insured a notice of its decision within a specified number of days after the insurance company receives the request, or within another specified period of days if special</p>

		circumstances require an extension. The number of days shall be specified in the policy. The insurance company will state the reasons for its decision and refer the insured to the relevant provisions of the policy. The insurance company will also advise the insured of the insured’s further appeal rights, if any.
		(7) Suspension Of Coverage While Insured Is Unemployed. If an insured has been covered for <i>Disability</i> benefits under the policy for the time period specified in the policy and becomes unemployed, the company may allow the insured to suspend coverage under the policy. If this provision is included:
		(a) Any minimum period of unemployment, requirements for a written request from the insured for such suspension and the insured’s certification that he or she is unemployed and required evidence of unemployment shall be specified in the policy. The suspension will begin on the date that the company receives the documentation specified in the policy. <i>Premiums</i> must be paid up to the date of suspension
		(b) During any policy suspension, the company will not accept <i>Premiums</i> and benefits or options previously available under the policy, as well as any attached riders, endorsements or amendments may not be exercised.
		(c) If any <i>Premiums</i> were paid for a period beyond the date of suspension, the company shall refund such <i>Premiums</i> on a pro-rata basis.
		(d) The policy shall specify the maximum period for which the policy may be suspended;
		(e) The suspension will end on the date any of the following events occur: (i) The date the insured dies; (ii) The maximum period of suspension permitted under the policy; or (iii) The date the company receives the insured’s written request to end the suspension and evidence satisfactory to the company that the insured is gainfully employed;
		(f) Reinstatement of the policy following a period of suspension may be contingent upon payment of <i>Premium</i> .
		(8) Unpaid Premium. The policy may include a provision stating that, upon the payment of a claim under the policy, any premium then due and unpaid may be deducted from the claim payment.

E. PERMISSIBLE LIMITATION OR EXCLUSION BASED ON THE UNDERWRITING PROCESS FOR EACH PROPOSED INSURED

Yes N/A

		(1) Any limitation or exclusion based on information disclosed by the proposed insured in the application for the policy, or identified for the proposed insured during the underwriting process of such application, is subject to applicable law in the state where the policy is delivered or issued for delivery and must be based on the Standards for Forms Used to Limit or Exclude Individual Disability Income Insurance Policy Coverage Based on the Underwriting Process for Each Proposed Insured, as Applicable to the Following Products: <ul style="list-style-type: none"> • Disability Income Plans; • Buy-Sell Plans; • Key Person Plans; and
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		<ul style="list-style-type: none"> • Business Overhead Expense Plans.
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F. PERMISSIBLE LIMITATIONS OR EXCLUSIONS

The Interstate Insurance Product Regulation Commission may approve the following limitations or exclusions if they meet the standards set forth below. The company may include in the policy one or more of these limitations or exclusions.

Yes N/A

		(1) Aeronautics. <i>Disability</i> that results from hang-gliding, skydiving, parachuting, ultralight, soaring, ballooning and parasailing may be limited or excluded
		(2) Aviation. Loss that results from aviation, other than as a fare-paying passenger on a scheduled or charter flight operated by a scheduled airline, may be limited or excluded. "Aviation" may also include travel in an aircraft or device used for testing or experimental purposes, used by or for any military authority, or used for travel beyond the earth's atmosphere
		(3) Chemical Dependency. Subject to the applicable law in the state where the policy is delivered or issued for delivery, loss that results from alcoholism or drug addiction may be limited or excluded.
		(4) Cosmetic Surgery. Loss that results from cosmetic surgery may be limited or excluded. However, cosmetic surgery shall not include reconstructive surgery when the surgery is incidental to or follows surgery resulting from trauma, infection other diseases of the involved part and reconstructive surgery because of congenital disease or anomaly resulting in a functional defect.
		Disabilities Not Verifiable by Objective Medical Means. Losses that results from a specific <i>Injury</i> or specific <i>Sickness</i> not verifiable by objective medical means may be limited to the minimum available <i>Benefit Period</i> offered by a company for coverage of disabilities resulting from <i>Injury</i> or <i>Sickness</i> . The policy shall not exclude coverage for such disabilities from the policy.
		(b) An <i>Injury</i> or <i>Sickness</i> is considered not verifiable by objective medical means if it cannot be confirmed by medically acceptable clinical or laboratory diagnostic techniques. As used in this item, "Objective Medical Means" means medical evidence consisting of signs, symptoms, and laboratory findings. A diagnosis based solely on an insured's statement of symptoms will not be considered Objective Medical Means of verifying an <i>Injury</i> or <i>Sickness</i> .
		(6) Disabled Insured Residing Outside the United States, Territories or Possessions of the United States or Canada, as Applicable (the "Specified Area"). While a <i>Disabled</i> insured is residing outside the Specified Area, benefits for such <i>Disability</i> may be limited to a period of time not less than 12 months and subsequently suspended. The limitation and suspension may apply whether or not the <i>Disability</i> began while the insured was residing outside the specified area. If benefits have been suspended, the policy shall state that upon return to the specified area, a <i>Disabled</i> insured may resubmit a notice of claim for benefits under the policy.
		(7) Felony. Loss that results from the insured's commission of or attempt to commit a felony may be limited or excluded.
		(8) Illegal Occupation or Activity. Loss that results from the insured's being engaged in an illegal or activity occupation may be limited or excluded.

		(9) Incarceration. <i>Disability</i> benefits may be limited or excluded during a period of legal incarceration in a penal or correctional institution of more than seven days or during a period of legal detainment of more than seven days where the period of legal incarceration or legal detainment results in an inability of the insured to meet any work requirements contained in the definitions of <i>Disability</i> set forth in the policy form.
		(10) Insurance with Other Companies (a) If there is other valid coverage with other companies which provides benefits for the same losses as a policy with a provision that takes into account insurance with other companies, but the company with such a policy provision has not been given written notice of such other valid coverage prior to the occurrence or commencement of loss, the policy shall state that proportional benefits shall be paid, calculated as follows:
		(i) Determining the benefits of the other valid coverage of which the company had notice (including the benefits of the policy with this type of provision);
		(ii) Determining the benefits of all other valid coverage (including the benefits of the policy with this type of provision whether the company had notice or no notice; and
		(iii) Placing (i) as the numerator over (ii) as the denominator to create a fraction. The fraction created shall be multiplied by the benefits that would otherwise be paid by the policy if the policy took no notice of the other valid coverage with other companies to arrive at the benefits paid by the policy. The company shall return that portion of the premium paid which exceeds the pro-rata portion of the premium for the reduced benefits paid by the policy.
		(b) The term "other valid coverage" means individual disability coverage that must at a minimum include coverage provided by organizations subject to regulation by the insurance law of any state or Canadian province. Benefits provided to the insured under compulsory benefit statutes, such as workers' compensation or employer liability, whether provided by a government agency or otherwise, shall be treated, for purposes of applying subsection (a) above, as "other valid coverage" of which the company had notice. The term "other valid coverage" shall not include group health or disability insurance, benefits provided by union welfare plans or employer or employee benefit organizations, or third party liability coverage.
		(c) The use of the term "coordination of benefits" shall not be acceptable in describing this provision.
		(11) Intoxicants, Narcotics or Other Controlled Substances. Subject to the applicable law in the state where the policy is delivered or issued for delivery, loss that results from the insured's legal intoxication defined by state law where the loss occurs, or loss that results from the use of narcotics or other controlled substances, unless administered on the advice of a <i>Physician</i> , may be limited or excluded.
		(12) Mental or Nervous Disorders. Subject to the applicable law in the state where the policy is delivered or issued for delivery, loss that results from <i>Mental or Nervous Disorders</i> may be limited or excluded. If coverage is to be limited, coverage shall be provided for at least 12 months.
		(13) Normal Pregnancy or Childbirth. Loss that results from normal pregnancy or

		childbirth may be limited or excluded. Such limitation or exclusion shall not apply to complications of pregnancy as diagnosed by a <i>Physician</i> .
		(14) Other Insurance with this Company. (a) If the company has previously issued to the insured other health policies (e.g. disability income, accidental death and dismemberment, etc.) before the issuance of the disability income policy containing this provision and all such health policies are in force, the company shall indicate a maximum aggregate indemnity in dollar amounts for the types of coverage under all in force health policies covered by the provision. The company shall also indicate that excess insurance above the maximum aggregate indemnity in dollar amounts for the types of coverage under all in force policies shall be void and all premiums paid for such excess insurance shall be returned to the insured or the insured’s estate.
		(b) Alternatively, at the option of the company, the provision may state that insurance effective at any one time on the insured under a like policy or policies of the company is limited to one policy elected by the owner, and the company shall return premiums paid for all other such policies.
		(c) The use of the term “coordination of benefits” shall not be acceptable in describing this provision.
		(15) Preexisting Conditions. (a) Any provision included in a policy limiting or excluding coverage for losses incurred or disabilities arising from <i>Preexisting Conditions</i> shall clearly define the limitation or exclusion and disclose such limitation or exclusion in the policy.
		(b) Beginning no more than twelve months following the effective date of the policy, the policy shall not limit or exclude coverage for a loss due to a <i>Preexisting Condition</i> if the application for the insurance does not seek disclosure of prior illness, disease or physical conditions or prior medical care and treatment and the <i>Preexisting Condition</i> is not specifically limited or excluded by the terms of the policy.
		(c) For a disease or physical condition that has not been excluded from coverage by name or specific description effective on the date of loss, losses incurred or disabilities commencing on or after the coverage effective date due to that disease or physical condition shall be covered immediately when:
		(i) The disease or physical condition is an <i>Injury</i> or <i>Sickness</i> as described in the Definitions and Concepts section and is not a <i>Preexisting Condition</i> as described in the Definitions and Concepts section; or
		(ii) The disease or physical condition is disclosed in the application, but the company has taken no express underwriting action for the disease or physical condition. Drafting Note: This provision does not use the term “ <i>Disability</i> ” or “ <i>Disabled</i> ” as described in the Definitions and Concepts section because this provision requires a broader meaning.
		(16) Recreational Activity (Avocation, Hobby or Sport). <i>Disability</i> that results from participating in one or more of the following recreational activities may be limited or excluded: motor sports events, racing, speed or endurance contest (auto, truck, cycle,

		boat), technical rock or mountain climbing, scuba diving in depths greater than 100 feet, including decompression, cave, and mixed gas diving, or dives requiring specialized equipment, or bungee jumping. The policy may also limit or exclude <i>Disability</i> that results from an insured’s participation in any sport for wage, compensation or profit.
		(17) Relation of Earnings to Insurance. (a) The provision shall state that, if the total monthly amount of valid loss of time coverage payable to an insured, whether on a weekly or monthly basis, exceeds the monthly <i>Earnings</i> of the insured when <i>Disability</i> commenced or the insured’s average monthly <i>Earnings</i> for the period of two years immediately preceding a <i>Disability</i> for which claim is made, whichever is greater, the company shall be liable only for a proportional amount of benefits under the policy with this type of a provision. The proportion of benefits for which the company is liable shall be calculated as follows:
		(i) Determine the amount of the insured’s monthly <i>Earnings</i> when <i>Disability</i> commenced and determine the insured’s average monthly <i>Earnings</i> for the period of two years immediately preceding a <i>Disability</i> for which claim is made;
		(ii) Multiply the greater of the two amounts determined in (i) by a percentage replacement factor (the factor shall not be less than 60%);
		(iii)The numerator will be the amount calculated in (ii) above;
		(iv)The denominator will be the total amount of monthly benefits for the same loss under all valid loss of time coverage payable to the insured while <i>Disabled</i> ; and
		(v) Multiply the fraction represented in (iii) and (iv) by the amount of benefits otherwise paid by the policy if it did not include this type of provision to determine the proportional amount of benefits to be paid by the policy. Drafting Note: The use of the term “weekly” or “monthly” does not preclude a company from estimating payments on another reasonable periodic basis as set forth in the policy.
		(b) If benefits are reduced by the calculation described above, the company shall return that part of the premium paid for the period of two years immediately preceding a <i>Disability</i> for which claim is made which exceeds the pro-rata amount of the premiums for the proportional benefits actually paid.
		(c) The provision shall also state that in no event will the total monthly amount of benefits paid under all valid loss of time coverage be reduced below the sum of three hundred dollars.
		(d) A definition of “valid loss of time coverage” shall be included for the purpose of this provision. The standards for the definition may include individual, group and self-insured <i>Disability</i> coverage, such as coverage provided by Disability insurance policies, employer, association or union sponsored <i>Disability</i> plans, salary continuation or replacement <i>Disability</i> plans, any other plan that provides benefits for <i>Disability</i> , federal Social Security or any similar federal, state or local government law, workers' compensation, occupational disease laws, and

		state disability benefit plans.
		(e) The use of the term “coordination of benefits” shall not be acceptable in describing this provision.
		(18) Specified Conditions. (a) Loss that results from specified conditions may be limited may be limited to a period of not less than 12 months or the maximum <i>Benefit Period</i> , whichever is less. The policy shall not exclude coverage for such Disabilities. The specified conditions may include any one or more of the following: fibromyalgia; chronic fatigue syndrome; myofacial pain syndrome, environmental allergic illness, including but not limited to sick building syndrome and multiple chemical sensitivity; carpal tunnel syndrome not requiring surgery; musculoskeletal and connective tissue disorders of the neck, shoulder and back, including any disease or disorder of the cervical, thoracic and lumbosacral back and its surrounding soft tissue, including sprains and strains of joints and adjacent muscles.
		(b) The limitation shall not apply to the following conditions: scoliosis, spinal fractures, osteopathies, traumatic spinal cord necrosis, radiculopathies documented by an electromyogram, spondylolisthesis grade II or higher, myelopathies and myelitis, demyelinating diseases, and spinal tumors, malignancies or vascular malformations.
		(19) Suicide. Loss that results from attempted suicide or intentionally self-inflicted <i>Injury</i> may be limited or excluded.
		(20) War, Riot and Insurrection. Loss that results from one or more of the following may be limited or excluded as follows:
		(a) Declared or undeclared war or act of war; Drafting Note: Companies may consider additional language and in that case the Interstate Insurance Product Regulation Commission shall use the following guidelines: Declared or undeclared war or act of war is understood to be military activity by one or more national governments and does not include terrorist acts, other random acts of violence not perpetrated by the insured, or civil war or community faction. Civil activity as a whole cannot be excluded, except for direct participation or instigation by the insured.
		(b) Participation in a riot or insurrection; or Drafting Note: Companies may consider additional language and in that case the Interstate Insurance Product Regulation Commission shall use the following guidelines: exclusion for riot or insurrection is limited to instigators and those pursuing participation and does not include civil commotion, disorder, <i>Injury</i> as an innocent bystander, or <i>Injury</i> for self defense.
		(c) Active duty in the armed forces of any nation or international governmental authority or units auxiliary thereto or the National Guard or similar government organizations (except that this limitation or exclusion shall not be construed to deny an owner any statutory or regulatory rights to suspend coverage while the insured is serving in the armed forces of any nation or international governmental authority or units auxiliary thereto or the National Guard or similar government organizations. The Suspension of Coverage While In Military Service standard describes how suspension of coverage works.)

		<p>(21) Workers’ Compensation. <i>Disability</i> benefits may be limited or excluded only to the extent that such benefits are actually paid by workers’ compensation.</p> <p>Drafting Note: The Interstate Insurance Product Regulation Commission will maintain a comprehensive listing of state-specific requirements for those limitations and exclusions listed above that indicate “subject to applicable law in the state where the policy is delivered or issued for delivery,” based on information reported by Member States.</p>
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G. PROHIBITED LIMITATIONS AND EXCLUSIONS

The following limitations and exclusions are prohibited:

Yes N/A

		(1) Complications of Pregnancy. Disabilities due to complications of pregnancy as diagnosed by a <i>Physician</i> shall not be the subject of a Permissible Limitation or Exclusion.
		(2) Discretionary Clauses
		(a) No policy may contain a provision:
		(i) Purporting to reserve sole discretion to the insurance company to interpret the terms of a policy; or
		(ii) Specifying a standard of review upon which a court may review denial of a claim or any other decision made by an insurance company with respect to an insured.
		(3) Probationary Period for Specified Medical Conditions. Absent medical underwriting, <i>Disability</i> benefits shall not be limited or excluded through the use of a policy provision establishing a probationary period for specified medical conditions.

H. BENEFIT PROVISIONS

Yes N/A

		(1) Cost of Living Index Guarantee. <i>Disability</i> income benefits or calculations that are subject to modifications by a <i>Cost of Living Index</i> shall provide that in no event will benefits subject to modifications by a <i>Cost of Living Index</i> be reduced:
		(a) Beneath benefit amounts that the owner initially purchased; or
		(b) Beneath benefit amounts that the owner reduced by his or her action after initial purchase of coverage unrelated to a cost of living modification.
		(2) Death Benefit. <i>Death Benefits</i> , if included, shall be payable in addition to any <i>Disability</i> benefit payable. The amount payable shall be a lump sum not to exceed the equivalent of 3 monthly <i>Disability</i> benefits payable under the policy.
		(a) If this <i>Death Benefit</i> is contingent upon death while <i>Disabled</i> (“Survivorship Benefit”), the company may require the insured to satisfy the <i>Elimination Period</i> , be determined by the company to be <i>Disabled</i> and be receiving <i>Disability</i> benefits prior to the date of death.
		(b) The policy shall clearly state the conditions under which any <i>Death Benefit</i> may be payable.
		(3) Integration With Federal Social Security or Any Similar Federal, State or Local Government Law , Workers' Compensation, Occupational Disease Laws, and

		<p>State Disability Benefit Plans (" Social Insurance Benefits ").</p> <p>(a) A <i>Disability</i> income policy may integrate its benefits with the <i>Disability</i> benefits received by the insured from federal Social Security or any similar federal, state or local government law, workers' compensation, occupational disease laws, and state disability benefit plans ("social insurance benefits"). If the policy includes such integration, the policy shall describe which other social insurance benefits will be subject to the integration, and how the integration will be administered. The policy shall also state that a minimum <i>Disability</i> benefit will be paid under the policy, regardless of the benefits received from social insurance benefits, and the minimum shall not be less than \$300. The policy shall state that the policy shall not offset, or in any other manner reduce, any benefit under the policy by the amount of, or in proportion to, any cost of living increase in social insurance benefits received by the insured.</p>
		<p>(b) A <i>Disability</i> income policy may include an additional <i>social insurance integration benefit</i>. When such an additional benefit is included, only such benefit amount would integrate with social insurance benefits. The benefit provisions shall describe which social insurance benefits will be subject to the integration, and how the integration will be administered. If the <i>Disability</i> benefits received from social insurance benefits can reduce the social insurance integration benefit to zero, the benefit provisions shall state this. The benefit provisions shall state that the social insurance integration benefit is in addition to the base amount of <i>Disability</i> periodic benefit payable under the policy and that the receipt of social insurance benefits does not affect such base amount.</p>
		<p>(4) Rehabilitation Benefit. A <i>Disability</i> income policy may include a rehabilitation benefit. Services of a <i>Rehabilitation</i> program may include, but are not limited to: (a) coordination of physical <i>Rehabilitation</i> and medical services, (b) financial and business planning, (c) vocational evaluation and transferable skills analysis, (d) career counseling and retraining, (e) labor market surveys and job placement services, and (f) evaluation of necessary worksite modifications and adaptive equipment. Participation in a training or <i>Rehabilitation</i> program shall be completely voluntary on the part of an insured and nonparticipation in a program shall not affect the company's determination of whether an insured is <i>Disabled</i>.</p>
		<p>(5) Rights to Purchase Future Benefits Without Evidence of Medical Insurability.</p> <p>(a) A <i>Disability</i> income policy that offers the owner the right to purchase additional <i>Disability</i> coverage for the insured in the future without evidence of medical insurability shall clearly specify the amount of future coverage that may be available for purchase and any requirements necessary (e.g. financial or occupational underwriting) to qualify for the future coverage.</p>
		<p>(b) A policy may state that any additional coverage will be provided by the purchase of a new policy or an increase in the coverage level of the existing policy. If the additional coverage will be provided by the issuance of a new policy, the policy shall clearly state that the new policy will have the same terms as those policies being issued by the company on the date of purchase of the new policy. The additional coverage purchased shall be subject only to any limitations and exclusions that may be in effect for the existing policy on the effective date of the additional coverage; however, no new medical limitations or medical exclusions shall be imposed on the additional coverage.</p>

		(6) Supplemental Benefits for Injury, Sickness or Injury and Sickness. The policy may include supplemental benefits for specified <i>Injury, Sickness or Injury and Sickness</i> . The terms and conditions for such supplemental benefits shall be specified in the policy. Such supplemental benefits shall be in addition to, and not in lieu of, <i>Disability</i> benefits payable under the policy.
		(7) Suspension, Surrender or Revocation of a Professional License or Certificate. The policy may state that suspension, surrender or revocation of a professional license or certificate does not alone constitute <i>Disability</i> .
		(8) Termination of Insurance under the Policy (a) The policy shall include a provision stating how and when insurance under the policy may end. The provision may include termination, as applicable, at the earliest of:
		(i) The expiry date shown in the policy, unless an insured renews the policy as provided in the renewal provisions of the policy;
		(ii) The end of the period for which premium has been paid, if premium is not paid by the end of the grace period;
		(iii) The date the company receives the owner's written request to end the policy;
		(iv) The expiration of applicable Suspension of Coverage period(s) specified in the policy if the insured does not request that suspension end before such expiration; or
		(v) The date the insured dies.
		(9) Waiver of Premium. (a) The policy may include a provision stating that, for a time period of not more than 90 days of <i>Total Disability</i> , which is eligible for payment under the policy (any days of such <i>Total Disability</i> occurring during an <i>Elimination Period</i> shall count toward the time period specified in the policy), the company shall:
		(i) Refund to the owner any premiums that were due and paid for the policy while the insured was <i>Totally Disabled</i> ; and
		(ii) Waive the payment of premiums that become due for as long as the <i>Total Disability</i> continues. At the option of the company, the company may limit the waiver of premium so that the company waives the payment of premiums that become due for as long as the <i>Total Disability</i> continues, but not beyond the <i>Benefit Period</i> .
		(b) The policy shall also state that, after <i>Total Disability</i> ends (or the end of the <i>Benefit Period</i> , if applicable), the owner shall:
		(i) Resume the payment of premiums by paying the pro-rata portion of any premium until the next premium due date; and
		(ii) Continue to pay premiums as provided for in the policy after payment of the pro-rata portion of any premium until the next premium due date.
		(c) If the company requires proof of <i>Total Disability</i> for premiums to be waived, the policy shall state that satisfactory proof of <i>Total Disability</i> shall be provided to the company for premiums to be waived. The policy shall also state that, in the event of the death of the insured, any premium refunds due to the insured from the company may, at the option of the company, be paid to any <i>Beneficiary</i>

		designated for loss of life or to the estate of the insured. Drafting Note: A company may expand the waiver of premium benefit to additional types of <i>Disability</i> benefits under the policy.
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I. INCIDENTAL BENEFIT PROVISIONS

The policy may include the following benefits which shall satisfy the requirements included in the respective Interstate Insurance Product Regulation Commission standards as well as satisfy the requirements for a benefit to be deemed incidental, as specified below. Incidental benefits shall be in addition to any other benefits paid under the policy.

Yes N/A

		(1) Accidental Death Benefits. Benefits paid due to the death of the insured caused by an <i>Injury</i> . This benefit shall meet the requirements for accidental death benefits as contained in the Standards for Accidental Death Benefits and Accidental Death and Dismemberment Benefits as adopted by the Interstate Insurance Product Regulation Commission. The amount payable shall be a lump sum not to exceed the equivalent of 12 monthly <i>Disability</i> benefits payable under the policy.
		(2) Dismemberment Benefits. Benefits to be paid to an owner due to loss resulting from an <i>Injury</i> or <i>Sickness</i> of the insured. The types of losses that may be covered are described in the Standards for Accidental Death and Dismemberment Benefits as adopted by the Interstate Insurance Product Regulation Commission. The benefit shall meet all the requirements specified in such standards. The amount payable shall be a lump sum not to exceed the equivalent of 12 monthly <i>Disability</i> benefits payable under the policy.
		(3) Other Benefits In addition to the benefits listed above, the Interstate Insurance Product Regulation Commission may approve other incidental insurance benefits provided:
		(a) The benefit is designed to address a specific financial need that arises as a consequence of the <i>Disability</i> that is not effectively addressed by the <i>Disability</i> benefits otherwise payable under the policy;
		(b) The <i>Elimination Period</i> for the incidental benefit does not exceed the policy <i>Elimination Period</i> for the basic <i>Disability</i> benefit under the policy;
		(c) The benefit can be administered effectively, without reliance on third parties (such as an employer or a financial institution);
		(d) The rates are based on verifiable data and reasonable assumptions such that a thorough actuarial review is achievable;
		(e) With the exception of Accidental Death Benefits, any death or terminal illness benefit shall be conditioned on prior <i>Disability</i> and in the form of a lump sum not to exceed the equivalent of 12 monthly <i>Disability</i> benefits payable under the policy;
		(f) Any benefit other than a death or terminal illness benefit shall be payable either:
		(i) for no longer than 18 months, or for the length of the <i>Disability Benefit Period</i> under the policy if shorter; or
		(ii) in amounts that in total do not exceed the equivalent of 6 monthly <i>Disability</i> benefits payable under the policy; and

		(g) The benefit termination shall be consistent with the trigger and with stated policy limitations and maximum benefit amounts.
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§ 4. ADDITIONAL STANDARDS FOR FRATERNAL BENEFIT SOCIETIES

A. MEMBERSHIP

Yes N/A

		(1) The certificate may include a provision stating that the insured and/or owner is a member and that the form that has been issued to evidence coverage is a certificate of membership and insurance.
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B. MAINTENANCE OF SOLVENCY

Yes N/A

		(1) The certificate may include a provision setting forth the legal rights and obligations in the case of a fraternal's financial impairment.
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