



## IIPRC-DI-I-H11-UE

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### **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:**

- **DISABILITY INCOME PLANS**
- **BUY-SELL PLANS**
- **KEY PERSON PLANS**
- **BUSINESS OVERHEAD EXPENSE PLANS**

Effective Date: November 19, 2018

**Scope:** The *Standards for Forms Used to Limit or Exclude Individual Disability Income Insurance Policy Coverage Based on the Underwriting Process* apply to provisions which limit or exclude policy coverage in individual disability income plans, buy-sell plans, key person plans or business overhead expense plans, when the limitations or exclusions are based on information disclosed by the insured in the application or identified for the insured during the underwriting process.

Such provisions may be built into the disability income insurance policy or added to such policy by rider, endorsement or amendment. If after the policy date of issue a change in coverage would be subject to an underwriting limitation or exclusion, the limitation or exclusion applicable to the change in coverage may be added to the policy at the same time that the change in coverage is made to the policy.

The use of such provisions shall be subject to the standards for Permissible Limitations or Exclusions Based on the Underwriting Process for Each Proposed Insured that have been approved for use with the policy with which the provisions may be used and the applicable law in the state where the policy is delivered or issued for delivery.

As used in these standards, “disability income” means disability income plans, buy-sell plans, key person plans and business overhead expense plans that are individually underwritten, including such plans that are marketed through employer and association sponsored groups (“multi-life” plans), as applicable.

**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*, and these standards are not available to be used in combination with state-approved individual life insurance policies and annuity contracts.

**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 Note:** The references to “policy” or “plan” do not preclude Fraternal Benefit Societies from substituting “certificate” in their forms.

**§ 1 ADDITIONAL SUBMISSION REQUIREMENTS**

**A. GENERAL**

The following additional submission requirements shall apply:

Yes	N/A	
		(1) If the exclusion provisions are added to the policy by rider, endorsement or amendment, the following shall be included:
		(a) All forms filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.
		(b) If the filing is being submitted on behalf of a company, include a letter or other document authorizing the firm to file on behalf of the company.
		(c) If the form contains variable items, include the Statement of Variability. The submission shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.
		(d) Include a certification signed by a company officer that the form has a minimum Flesch Score of 50. See Appendix A of the respective disability income insurance product standards with which this form will be used for the Flesch methodology.
		(e) Include a listing by filing jurisdiction of the types of policies with which the form will be used, including the policy form numbers, the corresponding approval date for these policies and any filing identification number.
		(f) Include a statement whether the form will be made a part of the policy at issue, at reinstatement, at the issuance of additional coverage, or all of these.

**B. VARIABILITY OF INFORMATION**

Yes	N/A	
		(1) The company may file limitation or exclusion provisions on a generic basis to accommodate all such provisions required to reflect the underwriting needs of a company. To support the use of such provisions, the submission shall include a Statement of Variability providing information sufficient to identify the potential provisions that may be used. Alternatively, the provisions may be filed on a specific basis, where each filing accommodates only the specified provision.
		(2) For both a generic and specific basis filings, the company shall identify items that will be considered variable. The item shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change.
		(3) The provisions to be used shall be consistent with the Statement of Variability filed for the provisions, the Statement of Variability filed for the individual disability income insurance application form, the standards for Permissible Limitations or Exclusions Based on the Underwriting Process for Each Proposed Insured applicable to the individual disability income insurance policy with which the provisions will be used, and the company's underwriting guidelines for such policy.
		(4) Items such as officer titles and officer signatures may be denoted as variable and may be changed without notice or prior approval.

**§2. REQUIREMENTS FOR LIMITATION OR EXCLUSION PROVISIONS**

**A. GENERAL**

Yes	N/A	
		(1) If the provisions are added to the policy by rider, endorsement or amendment, the following shall apply:
		(a) The full corporate name of the company shall appear on the form.
		(b) At least one signature of a company officer shall appear on the form if it is added after the date of issue of the policy.
		(c) The signature of the owner shall appear on the form to acknowledge the provisions. A company may eliminate the signature requirement if it has supporting documentation, such as an application change form signed by the owner, evidencing the owner’s acceptance of the provisions.
		(d) The form shall contain a statement that it is made a part of the policy, and that the provisions apply in lieu of any policy provisions to the contrary.
		(e) A form identification number shall appear at the bottom of the form in the left hand corner. 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 year the form was submitted for filing).
		(f) The form shall include the policy number of the policy for which the exclusion provisions will apply.
		(2) If the provisions are built into the policy, the provisions shall be included in the Cover Page or Specifications Page of the policy under the heading of “Underwriting Limitations or Exclusions” to distinguish these limitations or exclusions from others in the policy, such as war.
		(3) The provisions shall include sufficient information to identify:
		(a) The name of the insured for whom the provisions apply;
		(b) The nature of the limitation or exclusion (i.e. loss that results from a specific type of aviation, avocation, occupation, or foreign travel or residency in a specific location, or a medical disorder or condition, based on information disclosed by the insured in the application or identified for the insured during the underwriting process);
		(c) The effective date of the provisions; and
		(d) If the provisions have an expiry date (such as 2 years from the policy date of issue or attainment of a specific age), the expiry date for the provisions.
		(4) The provisions may, at the option of the company, allow the insured to submit new evidence of insurability for the purpose of eliminating a limitation or an exclusion. If such an option is included, it shall specify the terms and conditions for the submission of evidence of insurability.

Date: 11/19/2018

**Standards for Forms Used to Limit or Exclude Individual Disability**

**Income Insurance Policy Coverage Based on the Underwriting Process Checklist**

The Reviewer Checklist is intended for the sole purpose of assisting a company product filer ("User") in understanding the requirements of the applicable Uniform Standard(s) for IIPRC product filings. Users are hereby notified not to rely solely upon the Reviewer Checklist in preparing a product filing or in complying with the IIPRC Uniform Standards, Rules and Operating Procedures. The User also acknowledges there is a possibility of human, mechanical or technical error in the development, presentation or use of the Reviewer Checklist. The Interstate Insurance Product Regulation Commission (Commission) accepts no liability for any loss, cost or damage caused by use of this tool, including without limitation, direct or indirect, incidental, special, consequential or exemplary or punitive damages arising out of the use or inability to use the Reviewer Checklist. There are no warranties either express or implied and User specifically acknowledges the Commission does not warrant the truth, accuracy or completeness of the Reviewer Checklist.