

FILING INFORMATION NOTICE 2018-1

This Filing Information Notice Updates and Replaces 2012-1

DATE: Updated: October 19, 2018
Originally Issued: January 11, 2012

FROM: Karen Z. Schutter
Commission Executive Director

RE: **Individual Disability Income Insurance Filings**

Statutory References: Articles II(11), III(1), IV(2)-(5), and X(2) of the *Interstate Insurance Product Regulation Compact* as adopted by Compacting States.

Operating Procedure References: Sections 103 and 111 of the *Operating Procedure for the Filing and Approval of Product Filings (Product Filing Rule)*.

Uniform Standards: *Core Standards for Individual Disability Income Insurance Policies (IIPRC-DI-I-H11-POL), Individual Disability Income Insurance Application Standards (IIPRC-DI-I-H11-APP), Standards for Individual Disability Income Insurance Application Change Form (IIPRC-DI-I-H11-APPCH), Individual Disability Income Insurance Standards for the Outline of Coverage (IIPRC-DI-I-H11-OC), Standards for Initial Rate Filings for Individual Disability Income Insurance Policies (IIPRC-DI-I-H11-RATE), Standards for Filing Revisions to Rate Filing Schedules in Individual Disability Income Insurance Policies (IIPRC-DI-I-H11-RATECH), Standards for Forms Used to Limit or Exclude Individual Disability Income Insurance Policy Coverage Based on the Underwriting Process (IIPRC DI-I-H11-UE), Standards for Riders, Endorsements, or Amendments Used to Effect Individual Disability Income Insurance Policy Changes (IIPRC-DI-I-H11-AMEND), Individual Disability Business Overhead Expense Insurance Policy Standards (IIPRC-DI-I-H11-DBOE).*

Purpose: *Filing Information Notices explain steps or clarifications in the process of the Interstate Insurance Product Regulation Commission (Insurance Compact) for filing and review of product filings under the applicable Uniform Standards. This Filing Information Notice only applies to the Uniform Standards referenced above.*

BACKGROUND:

The Interstate Insurance Product Regulation Commission ("Compact") adopted eight Uniform Standards for individual disability income insurance on September 26, 2011, and an additional Uniform Standard for individual disability business overhead expense insurance on November 2, 2011 ("IDI Uniform Standards").

The Compact performed a Five-Year Review on the IDI Uniform Standards pursuant to a process established under Section 119 of the *Rule for Adoption, Amendment and Repeal of Rules*. After a rulemaking process, the Commission adopted amendments to several Uniform Standards

referenced above. These amendments, including substantive amendments, to the IDI Uniform Standards will be effective for purposes of determining compliance in the filing and review of individual disability income insurance forms submitted on and after November 19, 2018.

Forty-two Compacting States are now accepting filings submitted for approval to the Compact under the IDI Uniform Standards. Both Montana and Connecticut have opted out of the IDI Uniform Standards by way legislative opt-out. Wyoming has been granted a stay of the effectiveness of the amended IDI Uniform Standards and is promulgating a regulation to opt-out.

Filers should be aware of the following key points regarding the amendments to the IDI Uniform Standards:

- The entire suite of individual disability income insurance products was amended all at one time.
- For new product submissions, all components of an individual disability income insurance product must be filed with the Compact. Special considerations for application form filings are described in Section E, below.
- Initial rates and rate revisions for individual disability income insurance products filed with the Compact must be submitted for review and prior approval in accordance with the IDI Uniform Standards. See Sections B and G, below.
- As provided, pursuant to Section 111 of the Product Filing Rule, the IDI Uniform Standards do not permit Mix and Match among Compact-approved individual disability income insurance product components and state-approved individual disability income insurance product components.
- There are two exceptions to the Mix and Match rule as described in Sections C, D, and E, below:
 - The Individual Disability Income Insurance Application Standards permit Mix and Match for policyholder application forms with state-approved individual disability income insurance forms.
 - The *Standards for Individual Disability Income Insurance Policies* permit Mix and Match of individual disability income insurance riders filed with the Insurance Compact and used with Compact-approved and/or state-approved individual life insurance policies and annuity contracts, provided all the components associated with the individual disability income insurance rider are filed and approved with the Insurance Compact in accordance with the IDI Uniform Standards.
- With respect to the original IDI Uniform Standards effective in 2012, Connecticut and Montana were the only states to have exercised their right to opt out, and both did so in their enabling Compact legislation. Wyoming has provided notice of intent to opt out by regulation of the amended IDI Uniform Standards effective on November 19, 2018.

- Compact-approved products approved under the original IDI Uniform Standards before November 19, 2018 remain approved for use in Wyoming and those Compacting States having prohibited exclusions or limitations under state law (see Section F below). Pursuant to Articles VII(5) and XIV(1)(e) of the Compact Statute, these Compacting States are required to formally rescind such approvals in the same manner as provided by their respective state laws for the prospective disapproval of state-approved products. If a Compacting State takes formal action, the Insurance Compact Office will notify affected filers.

This Filing Information Notice outlines the process and procedures associated with the submission of individual disability income insurance product filings.

FILING PROCEDURES:

A. Submission of Individual Disability Income Insurance Product Filings

1. When preparing product submissions, filers are encouraged to closely review the IDI Uniform Standards and to utilize the IDI Reviewer Checklists available on the Compact's Rulemaking Record of its website.
2. Filers should also review additional reference materials as follows: "Creating a Compact Filing" on the Insurer Resources page of the Insurance Compact website, applicable Submission Requirements in SERFF, applicable Filing Instructions in SERFF and applicable Operating Procedures on the Rulemaking Record.
3. **Type of Insurance (TOI):** Any filing subject to the IDI Uniform Standards in whole or part shall select the "H111 Individual Health - Disability Type of Insurance" (IDI TOI). There are no exceptions to this requirement.
 - a. When a filing submission is subject to the IDI Uniform Standards and life insurance Uniform Standards, **the IDI TOI must be used.** The IDI TOI is used to ensure that only states that have not opted out of the IDI Uniform Standards are included in the submission.
 - b. If a filer makes a filing submission subject to IDI Uniform Standards and does not use the IDI TOI, the filer will be instructed to withdraw the filing and re-submit under the IDI TOI, which could result in the loss or double payment of applicable filing fees.
4. When choosing the applicable filing type, filers shall select the correct filing type based on the type of policy forms.
 - a. For a new product, a product filing submission shall include the application, policy forms, any applicable benefit features, outline of coverage, and initial rates.
 - b. For new product filing submissions, the filer shall utilize the applicable filing type for **Policy Forms/Applications/Benefit Feature/Rates.**
 - c. Filers wishing to submit an application for Mix and Match with state-approved individual disability income insurance product components shall utilize the applicable filing type of **Application** (see Section E below).
 - d. Filers wishing to submit a separate application or riders, endorsements or amendments with additional benefit features to be used with an individual disability

income insurance product filing previously approved by the Compact shall utilize the applicable filing type of **Application** or **Application/Benefit Feature** or **Benefit Feature**.

- e. Filers wishing to submit an individual disability income insurance rider to be used with an individual life insurance or annuity product shall utilize the applicable filing type of **Application/Benefit Feature** or **Benefit Feature** unless the life insurance policy or annuity contract are in the filing, then the filer shall use the filing type for **Policy Forms/Applications/Benefit Feature/Rates**.

B. Initial Rate Schedules and Related Rate Information

1. For individual disability income insurance product filings, the Compact will utilize the Rate/Rule Schedule Tab (Rate Tab) in SERFF. The information in the Rate Tab can be updated post-submission.
2. The *Standards for Initial Rate Filings for Individual Disability Income Insurance Policies* do not provide exemptions for the disability income component with combination life and annuity products.
3. The following information shall be submitted on the Rate Tab:
 - a. All initial rate schedules;
 - b. The Actuarial Memorandum (NOTE: This submission requirement differs from the submission requirement for individual life and annuity product filings where the Actuarial Memorandum is filed under the Supporting Documentation Tab rather than the Rate Tab);
 - c. All other pertinent or required rate information.

C. Mix and Match

1. As provided in the IDI Uniform Standards, filers shall not submit the following individual disability income insurance product components in a Compact filing for use or Mix and Match with State-approved individual disability income insurance product components: policy forms, outline of coverage, benefit feature, riders and rates. In other words, a disability income insurance policy form could not be filed with the Compact for Mix and Match with a State-approved disability income benefit rider.
2. When preparing an individual disability income insurance product filing, filers will be able to access the Statement of Intent (SOI) Tab within SERFF (which must be completed for Mix and Match filings). Other than for application-only filings (see Section E below) and combination filings (see Section D below), the SOI Tab must not be completed and the filing must not indicate "Mix and Match," or an objection will be issued.
3. Individual disability income insurance riders submitted to the Compact that fully comply with the IDI Uniform Standards can be submitted for use or Mix and Match with State-approved individual life or annuity product components (see Section D below).

4. Applications when filed in a separate Compact product filing submission may be Mixed and Matched with State-approved disability income products (see Section E below).
5. For filings that are eligible for Mix and Match, the filer shall indicate the filing is being submitted for "Mix and Match" and shall fully complete the SOI Tab. See *Filing Information Notice 2009-4: Mix and Match Filings*, for more information on the Mix and Match process.

D. Combination Product Filings

1. The *Operating Procedure for the Filing and Approval of Product Filings* (Product Filing Rule) allows a product filing to include more than one Product to be used in combination, provided the individual life or annuity component complies with the applicable individual life or annuity uniform standards, and the individual disability income insurance component complies with the IDI Uniform Standards.
2. Combination product filings, including life or annuity policies with individual disability income insurance riders, should use the IDI TOI. Always choose the TOI of Disability Income when submitting any combination of both disability and another type of insurance, including combination life-disability applications. Do not use a life or annuity TOI, as this will inadvertently allow Compacting States who do not participate in disability income to be added to an individual disability income insurance filing (see Section A.3 above).
3. When an individual disability income insurance product component is filed separately and will be used in combination with another Compact product filing, a filer should use the Associated Filing functionality and indicate in the General Information section of the Compact filing that it intends to use the disability income insurance rider with a Compact-approved individual life product filing or individual annuity product filing and provide the SERFF Tracking Number.
4. As of November 19, 2018, a Compact-approved disability income rider may now be Mixed and Matched with State-approved life or annuity components in accordance with Section 111 of the Product Filing Rule (see Section C above).
5. The Compact will accept application forms that combine product lines provided the forms fully comply with the applicable uniform standards for each respective product line (see Section E below).

E. Special Considerations for Application Form Filings

1. Application forms are the only product component under the IDI Uniform Standards that is eligible for Mix and Match with the following State individual disability income insurance product components: a policy form, rider, amendment or endorsement for individual disability income plans, buy-sell plans, key-person plans and business overhead expense plans.

2. When filing application forms for approval under the IDI Application Uniform Standards where the application forms will be used with both Compact-approved products and State-approved products, a filer is required to submit the application forms in a separate filing as follows:
 - a. Submit the application forms in a separate application-only filing.
 - b. Complete the Statement of Intent Schedule for the state-approved product components (see Section C above).
 - c. Use the Associated Filing and the General Information sections of the Compact filing to reference the SERFF Tracking Number of the associated Compact product components.
3. Filers can submit applications for a combination of product lines provided the form complies with the application Uniform Standards for each product line (see Section D above).

F. State-Specific Information for Certain Limitations and Exclusions

1. As of November 19, 2018, the following Permissible Limitations or Limitations or Exclusions in Section 3(F) of the *Standards for Individual Disability Income Policies* are “[s]ubject to the applicable law in the state where the policy is delivered or issued for delivery”, specifically, subsections: (3) Chemical Dependency; (11) Intoxicants, Narcotics or Other Controlled Substances; and (12) Mental or Nervous Disorders.
2. The Statement of Variability provision of the amended *Standards for Individual Disability Income Insurance Policies*, specifically Section 1.C(1), requires the Statement of Variability to include the limitations and exclusions 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); and, identify the conditions under which each variable item may change **as well as the alternative content to which the item may change.**
3. The Insurance Compact Office maintains a chart of state-specific information provided to the Insurance Compact Office by Compacting States regarding citations to state law regarding limitations on exclusions listed in Section 3.F(3), (11), and (12) on its Insurer Resources web page.
4. The filer may reference the state-specific chart on the Insurers Resource page to complete the SOV and to carry out its responsibility to offer and issue Compact-approved individual disability income insurance products based on state-specific requirements, if any, regarding limitations or exclusions for disabilities listed under Section 3.F(3), (11), and (12) of the *Standards for Individual Disability Income Insurance Policies*.

G. RATE REVISION FILINGS

1. Filers submitting a rate schedule(s) that increase(s) premium rates only with respect to new business issued under a previously-approved policy form shall submit a Supporting Documentation Update filing submission in accordance with Filing Information Notice 2017-1.
 - a. The rates, exhibits, certifications, and actuarial memorandum shall be submitted on the Rate Tab.
 - b. Filers shall link the new filing with the revisions to the Compact-approved filing that is being revised by completing the Associated Filings feature.
 - c. Filers shall pay the applicable fees for the new Compact submission. Both the Compact and state filing fees are applicable when filing the new schedule.
2. Filers submitting rate revisions for approved rate schedules applicable to in-force policies shall make a complete new rate filing submission in accordance with Filing Information Notice 2017-1, and include a reference to the original product filing in the Filing Description and in the Associated Filings feature. Filers shall pay the applicable Compact and state filing fees when submitting the new rate filing.

APPLICABLE IIPRC FORMS:

None

EFFECTIVE DATE:

November 19, 2018

CONTACT INFORMATION:

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