



October 13, 2023

Interstate Insurance Product Regulation Commission (IIPRC)  
444 North Capitol Street, NW  
Hall of the States, Suite 700 Washington, DC 20001-1509  
[comments@insurancecompact.org](mailto:comments@insurancecompact.org)

**RE: Group Term Life Insurance Policy and Certificate Standards  
Group Term Life Insurance Uniform Standards for Accelerated Death Benefits**

Members of the Product Standards Committee:

New York Life appreciates the opportunity to comment on the Product Standards Committee's amendments to the Group Term Life Insurance Policy and Certificate Standards and the Group Term Life Insurance Uniform Standards for Accelerated Death Benefits.

We support the Compact's efforts to develop additional standards for the non-employer group market. With that in mind, would like to highlight some key provisions in the draft Standards that may not be practical for non-employer group association business.

**Comments on the Group Term Life Insurance Policy and Certificate Standards**

Group employer policies are issued through an enrollment process that does not involve underwriting. Conversely, group association coverage is generally underwritten. Given this, we request that the draft Standards be updated to reflect both guaranteed issued and underwritten policies. Additionally, there are several provisions in the draft Standards that have the potential to restrict the ability to underwrite, such as the evidence of insurability requirements.

In most group employer plans, the employer largely contributes to the premium – while in the non-employer group association business, the certificate holder pays most, if not all, of the premium. To effectively apply the draft Standards to non-employer groups, certain provisions relating to contributory insurance may require additional clarification.

The scope of the draft Standards appears to define term life insurance as a product that does not accumulate a cash surrender value. However, some term products do have a cash value, such as a return of premium term (e.g., a 10-year term where the cash value after 10 years is a stated percentage of the cumulative premiums paid). We request the scope be amended to clarify that a term product with a cash value is permitted in the Standards.

Another important distinction between employer and non-employer group association insurance is the ownership of the certificate. For association business, the certificate holder may not be the insured at issue and ownership can change at any time. To ensure consistency, we suggest the draft Standards be revised to differentiate between the terms "covered person" and "certificate holder".

Additionally, the draft Standards requires that the person needs to be actively at work. Since many insureds under our association business may be retired (particularly under the AARP group), we suggest revisions to clarify that these requirements only apply to employer groups.

It is important to note that a group certificate is not required to include an entire contract provision, as the certificate is a summary of the policy. Clarification may also be needed on the use of "policy" versus "certificate" throughout the draft Standards to reflect this distinction. We also suggest revisions to the cover page and specification page provisions



to allow for flexibility on what information should be included in the policy versus the certificate, as certain information required in the Standards may not be practical for the certificate holder (e.g., an out-of-state policyholder main contact number would not assist an insured with their insurance).

With respect to participating policies, we request the draft Standards be revised to clarify that the certificate holder may receive any dividend payments as the policyholder may be the group or association.

Finally, we request that the section relating to claim filings be revised to allow for more flexibility. The draft Standards appear to include specific requirements that are required in the certificate form, which could result in a more onerous process for the claimant. Since these requirements may change over time, providing more flexibility in the draft Standards would help facilitate a less burdensome process for the claimant over the longevity of the contract.

### **Comments on the Group Term Life Insurance Uniform Standards for Accelerated Death Benefits**

The incidental benefit requirement included in the Group Term Life Insurance Uniform Standards for Accelerated Death Benefits presents challenges for non-employer association business, particularly for the senior market. We believe this requirement would prohibit us from using the Standards as it restricts our ability to offer a chronic illness acceleration benefit under the AARP group.

While the incidental benefit test may be appropriate for individual policies that are fully underwritten and issued to ages primarily served in the retail market, the current approach makes passing the test very difficult for group coverage using simplified underwriting and issued to older age groups because it places restrictions on the incidence rate of chronic illness claims.

The current approach compares the frequency and timing of acceleration payments to the frequency and timing of death benefit payments. The test excludes the size of the acceleration benefit, therefore 1% accelerated and 100% accelerated produce the same result.

Since the need for chronic illness care significantly increases with age, this method of testing allows products to easily pass the test for people in their 30's, but makes it much more difficult to pass for people in their 60's. In essence, the incidental benefit requirement excludes a segment of the marketplace who would need and benefit from chronic illness protection the most.

We request amending Section 1.B.(1)(i) of the draft Standards to only apply the requirement to qualifying events (b), (c), and (d), thereby adding a chronic illness exclusion to the existing terminal illness exclusion, as recognition that both of these triggers are permitted by IRC 101(g) with the same constraints and are widely adopted by insurers and consumers as a popular and valuable component of life insurance coverage.

Thank you for the opportunity to provide comments and for your consideration of our requested amendments to the draft Standards. We look forward to working with you as you continue to expand the scope of employer group standards to non-employer groups.

Sincerely,

Douglas Wheeler  
Senior Vice President  
Office of Government Affairs