Below are our responses to your request for additional information on our requests relating to (1) the deletion of age-based waiver of premium provision in individual life waiver of premium standards – Kelly Dornan of New York Life will address this during the PSC call, (2) the addition of repayment plan options to waiver of premium standards – I will address this during the call, and (3) wellness benefit standards for individual and group disability income products – Matt Fuss of UNUM will address this during the call.

Wayne

1. Deletion of Age-Based Waiver of Premium Provision in Individual Life Waiver of Premium Standards USIR-2027-001

The PSC has questions about what is meant by the comment "at age 65 many policyholders would begin receiving government benefits that could cover their insurance needs if it still remains." Can you explain what you mean by a government benefit that begins at age 65 and how these benefits relate to paying a life insurance premium? If you are referring to the full retirement age for Social Security Benefits, how would you account for the fact that for many people, this is now age 67?

We appreciate the opportunity to clarify this comment. Our reference to government benefits was intended principally as a reference to Social Security retirement benefits, but we agree that the prior wording was imprecise. We did not intend to suggest that Social Security retirement benefits first become available at age 65, nor that a government benefit is specifically intended to pay life insurance premiums.

Social Security retirement benefits generally may begin as early as age 62, although benefits are reduced when taken before full retirement age. For individuals born in 1960 or later, full retirement age is 67. Accordingly, our comment was not premised on age 65 being the current full retirement age.

Rather, the relevance of retirement benefits is that, as individuals move from their working years into retirement, Social Security and other retirement income may replace a portion of the earned income on which they previously relied to meet ordinary expenses, including life insurance premiums. A waiver-of-premium benefit based on total disability is designed to protect an insured from the financial consequences associated with becoming unable to work because of disability. As the insured transitions from earned income to retirement income, the relationship between disability and the insured's ability to pay premiums changes. We do not mean to suggest that every individual will receive Social Security at a particular age or that Social Security will necessarily be sufficient to pay a particular life insurance premium.

More importantly, our concern with Subsection 3.A.(1)(e) does not depend on a particular government benefit beginning at age 65. The existing standard provides that, when total disability begins before age 60 and continues to the benefit anniversary on which the insured attains age 65, the company must thereafter waive all further premiums. By its terms, the requirement is no longer conditioned upon the insured continuing to be totally disabled after that

point. Thus, an insured who subsequently recovers from the disability may nevertheless continue to receive a lifetime waiver of premium.

We believe this result extends beyond the central purpose of a total-disability waiver and can materially increase the cost of offering the benefit, particularly at older issue ages. Permitting the waiver to terminate at age 65 regardless of the age at which disability began would more closely align the duration of the benefit with the disability risk being insured, while also providing insurers greater flexibility to offer waiver-of-premium coverage at a more affordable cost.

We therefore would revise our earlier statement to clarify that the reference to government benefits was intended only as additional context regarding the transition from earned income to retirement income, and was not the principal basis for the requested amendment.

There is also a question about the comment "Subsection 3.A.(1)(e) should be deleted since it is not included in the uniform standards for either individual or group term disability income insurance policies." This waiver standard applies to individual life insurance uniform standards, not disability income standards. Please explain this comment.

We appreciate the opportunity to clarify this comment as well. We agree that Subsection 3.A.(1)(e) is part of the individual life insurance waiver-of-premium standards and is not governed by the individual or group disability income standards. Our prior comment was intended to identify a difference in the treatment of waiver-of-premium benefits triggered by total disability, rather than to suggest that the disability income standards directly apply to individual life insurance.

The underlying concern is that a waiver benefit triggered by total disability should generally remain reasonably connected to the continuation of that disability. Under the individual disability income standards, premiums may be waived for as long as total disability continues, and premium payments resume after total disability ends. Similarly, under the group disability income standards, the waiver continues while the covered person remains disabled and may expressly end when the disability ends.

Our concern, therefore, is not that individual life waiver standards must mirror disability income standards. Rather, the current individual life provision requires a substantially more expansive result once a pre-age-60 disability continues to age 65: all future premiums must be waived even if the insured subsequently recovers. We do not believe that distinction is necessary to provide meaningful consumer protection, and it can significantly increase the cost of the waiver benefit.

Accordingly, we would clarify our original comment to state that deletion of Subsection 3.A.(1)(e) would provide greater flexibility to structure the waiver benefit so that it remains tied to the period of total disability and/or may terminate at a specified age such as age 65, consistent with approaches already permitted under other Compact waiver-of-premium standards. This would preserve meaningful protection during disability while allowing insurers to offer the benefit on a more affordable and appropriately risk-aligned basis.

2. **Addition of Repayment Plan Options to Waiver of Premium Standards** **USIR-2027-002**

The PSC asks what is meant by a Repayment Plan Options and why does it belong in the Waiver of Premium Standards?
Is it a waiver of premium or an extension of the grace period to pay the overdue premium?
Can you provide draft language that would be added to the standard?
Have these provisions been filed with the states and can you provide examples.

The repayment plan concept was previously discussed with the Compact in connection with policy reinstatements. During those discussions, the Compact requested additional information and sample language to better understand the proposal. Following further evaluation, the agreed approach was to consider repayment plans as an administrative process related to reinstatements rather than a contractual policy provision, and therefore it would be more appropriately addressed as a reinstatement-related initiative rather than a revision to the waiver of premium standards.

4.**Wellness Benefit Standards for Individual and Group Disability Income Products** **USIR-2027-005**

Can you provide a draft of the proposed standard.

This could be an amendment to incidental benefit provisions. We would need more industry involvement on this front, but here is some language from Virginia that could be used as a starting point:

Wellness Benefit:

I. One or more of the following provided on an outpatient basis under the supervision of a physician, but not medically necessary:
   a. A wellness or preventive test;
   b. A routine physical exam; or
   c. A medically accepted screening test used to evaluate risk or promote prevention of an illness or injury

II. A medical health assessment survey requesting basic vital statistic and/or lab results (i.e., weight, height, blood pressure, lipid panel results, some metabolic panel results, etc.)

Can you provide examples of filings submitted and approved in states?

Examples of filings can be found in the SERFF database.

The PSC asks if the wellness benefits are related to a disability claim under the policy.

The wellness benefits are not dependent on or related to a disability claim.

Provide examples of the types of "wellness benefits" that would be covered.

Examples include common preventative screenings such as blood test for triglycerides, colonoscopy, mammograms, pap smears, and common screenings for heart health and cancer screenings.

The PSC requests clarification about what is meant by a "fixed indemnity for a covered event". Is there a charge that the insured incurs? Is the claimant submitting a bill for services provided?

The benefit is paid based on whether a covered screening occurs, regardless of whether the insured incurs an expense. Generally, a bill is not required to make a claim. Rather, the wellness benefit is payable if the screening occurs after the policy effective date while the coverage is in force.