

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

Individual Disability Income Insurance Uniform Standard	Group Disability Income Insurance Policy & Certificate Uniform Standard	Written Comments Received	Product Standard Committee Recommendations
<p>Definitions and Concepts not included in IDI</p>	<p><b>“Activities of Daily Living (ADL’s)”</b> means at least <i>Bathing, Contenance, Dressing, Eating, Toileting</i> and <i>Transferring</i>.</p> <p><b>“Bathing”</b> 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><b>“Contenance”</b> 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><b>“Dressing”</b> means putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.</p> <p><b>“Eating”</b> means feeding oneself</p>	<p>The IAC would like these terms added for as additional <i>Disability</i> triggers similar to GDI.</p>	<p>The PSC concluded that it would be helpful to have the definitions similar to those in the LTC standards. LTC does not have a definition for “substantial assistance;” however defining the term would be consistent with GDI. The PSC suggests these definitions:</p> <p><b><u>“Activities of Daily Living (ADL’s)” means at least Bathing, Contenance, Dressing, Eating, Toileting and Transferring.</u></b></p> <p><b><u>“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.</u></b></p> <p><b><u>“Contenance” 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</u></b></p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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	<p>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><b>“Hands-on Assistance”</b> means physical assistance (minimal, moderate or maximal) without which a Covered Person or Spouse, as applicable, would not be able to perform an Activity of Daily Living.</p> <p><b>“Substantial Assistance”</b> means <i>Hands-on Assistance</i> or stand-by help required to perform <i>Activities of Daily Living</i>.</p> <p><b>“Toileting”</b> means <i>getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene</i>.</p> <p><b>“Transferring”</b> means <i>moving into or out of a bed, chair or wheelchair</i>.</p>	<p><u>colostomy bag).</u></p> <p><u><b>“Dressing”</b> means putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.</u></p> <p><u><b>“Eating”</b> 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.</u></p> <p><u><b>“Hands-on Assistance”</b> means physical assistance (minimal, moderate or maximal) without which an insured or Spouse, as applicable, would not be able to perform an Activity of Daily Living.</u></p> <p><u><b>“Substantial Assistance”</b> means <i>Hands-on Assistance</i> or stand-by help required to perform <i>Activities of Daily Living</i>.</u></p> <p><u><b>“Toileting”</b> means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.</u></p>
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

			<u><b>“Transferring” means moving into or out of a bed, chair or wheelchair.</b></u>
Definitions and Concepts not included in IDI	<b>“Substantial and Material Duties”</b> means the important tasks, functions and operations generally required by the policyholder, or in the national economy or marketplace, as applicable, from those engaged in a <i>Job</i> , <i>Occupation</i> or <i>Specialty</i> that cannot be reasonably omitted or modified. This term may include a <i>Covered Person’s</i> ability to work on a regular work schedule for a specified number of hours.	IAC suggests adding the definition from GDI, but change to say “the insured’s <i>Job</i> , <i>Occupation</i> or <i>Specialty</i> ,” as applicable.” The IAC says that this would allow a company to use either the “required by the insured’s <i>Job</i> , <i>Occupation</i> or <i>Specialty</i> ” test, or use the “required in the national economy or marketplace” test.	The current definition of <i>Total Disability</i> refers to substantial and material duties, but does not define that term. The Insurance Compact issues objections related to modifiers of this term (e.g. “all of the substantial and material duties”) The concluded that the term <i>Occupation</i> is the broadest term and the Compact would not object to use of “job” or “specialty” in addition to or instead of <i>Occupation</i> , so it is not necessary to add those definitions. For clarity, PSC suggests the following as a definition of <i>Substantial and Material Duties</i> :  <u><b>“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.</b></u>
Definitions and Concepts not included in IDI	<b>“Contagious Disease(s)”</b> means a condition that the Division of Communicable Disease Control of	IAC suggests using the GDI definition. In some cases they suggest	Spouse and Contagious Disease are terms used as added benefit triggers so the PSC believes they should be

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

	<p>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 Contagious Diseases, the certificate shall specify which Contagious Diseases will be covered.</p> <p><i>“Spouse”</i> means a <i>Covered Person’s</i> lawful <i>Spouse</i> and any other person required to be covered as the <i>Covered Person’s 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.</p> <p>If the policy and certificate are delivered or issued for delivery in different states, the certificate</p>	<p>minor revisions to exclude group concepts in the current definition.</p>	<p>defined. The PSC does not think that the definition for Spouse needs all of the detail that is in GDI and suggests the following:</p> <p><u><i>“Spouse”</i> means the insured’s lawful Spouse and any other person required to be covered as the insured’s Spouse 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 “Spouse” 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;</u></p> <p><u><i>“Contagious Disease(s)”</i> 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</u></p>
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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	<p>shall, if required, comply with the applicable marriage laws, including marriage case law, of the state where the certificate is delivered or issued for delivery and, if required, with the applicable domestic partnership and civil union laws of such state, with respect to coverage available for marital relationships, domestic partnerships, or civil unions.</p> <p>(a) The term “<i>Spouse</i>” may be modified as required by applicable federal law;</p> <p>(b) The term “<i>Spouse</i>” 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>(c) Nothing in this definition shall be construed as requiring any insurance company to provide coverage or benefits to any person who is in a domestic partnership,</p>		<p><u>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 Contagious Diseases, the policy shall specify which Contagious Diseases will be covered.</u></p>
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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	<p>civil union, or similar relationship, or marriage or to their families in a state where such relationships are not legally recognized or the providing of such coverage is not required;</p> <p>(d) For purposes of determining who may become a <i>Covered Person</i>, the term “<i>Spouse</i>” may exclude any person who:</p> <p>(i) Is on full-time active duty in the armed forces of any country or subdivision of any country;</p> <p>(ii) Legally resides outside the United States, its territories or possessions, or Canada; or</p> <p>(iii) Is insured under the policy as an <i>Employee</i>; and</p> <p>(e) If the certificate contains exclusions (i) or (ii) above, the certificate shall include a provision notifying the <i>Covered Person</i> of their right to end <i>Spouse</i> coverage during the period that the <i>Spouse</i> is</p>		
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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	<p>on full-time active duty in the armed forces of any country or subdivision of any country, or the period that the <i>Spouse</i> legally resides outside the United States, its territories or possessions, or Canada. The provision shall also include:</p> <ul style="list-style-type: none"><li>(i) The procedure for requesting an end of coverage;</li><li>(ii) An explanation of when such coverage will end;</li><li>(iii) A statement that <i>Premiums</i> for the <i>Spouse</i> coverage will not be required once coverage is ended and that any collected, unearned <i>Premiums</i> will be refunded; and</li><li>(iv) An explanation of the procedure required to reenroll the <i>Spouse</i> once full-time active military duty ends, or once the <i>Spouse</i> resumes residence in the United States, its territories or possessions, or Canada. The procedure shall not be less favorable than the following:</li></ul>		
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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	<p>(A) If re-enrollment for <i>Spouse</i> coverage is made within 31 days of the date full-time active military duty ends, or the date the <i>Spouse</i> resumes residence in the United States, its territories or possessions, or Canada, the amount of <i>Spouse</i> coverage applied for shall be equal to the lesser of the amount that was in effect on the day before coverage ended and the then current maximum amount of <i>Spouse</i> coverage available under the plan. Such coverage will take effect as of the date of application, provided that on that date the <i>Spouse</i> is not hospitalized, confined at home under a <i>Physician's</i> care, or receiving or applying to receive disability benefits from any source. If the <i>Spouse</i> is hospitalized, confined to home under a <i>Physician's</i> care, or is receiving or applying to receive disability benefits from any source on such date, such <i>Spouse</i> coverage will take effect on the date the <i>Spouse</i> is no longer hospitalized, confined or receiving or applying for</p>		
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

	<p>disability benefits; or</p> <p>(B) If re-enrollment for <i>Spouse</i> coverage is made more than 31 days after the date that full-time active military duty ends, or the date the <i>Spouse</i> resumes residence in the United States, its territories or possessions, or Canada, the <i>Spouse</i> will be required to submit evidence of insurability satisfactory to the insurance company, and the <i>Spouse</i> coverage approved by the insurance company will take effect on the date specified by the insurance company.</p>		
<p>Definitions and Concepts: The definition/concept (of Catastrophic Disability) shall also be triggered by the <b><i>cognitive impairment</i></b> of the insured which shall be described as the insured suffering deterioration or loss of intellectual capacity, due to <i>Injury or Sickness</i>, as measured by standardized tests commonly accepted for use in the medical</p>	<p><b><i>“Cognitive Impairment”</i></b> means a deficiency in a <i>Covered Person’s</i> or <i>Spouse’s</i> 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>IAC states: “Use the HHS definition throughout IDI, including definition of Disability as an additional trigger, and for ADL benefits in Incidental Benefit section, etc.”</p>	<p>The PSC believes that it would add clarity to define <b><i>“Cognitive Impairment”</i></b> the same way it is defined in the LTC Uniform Standards and then to update the language within the definition of <b><i>Catastrophic Disability</i></b>.</p> <p>The PSC suggests defining “Cognitive Impairment” as:</p> <p><b><i>“Cognitive Impairment”</i></b> means a</p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

community			<p><u>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.</u></p> <p>And change the following sentence in the current definition of <i>Catastrophic Disability</i> :</p> <p>The definition/concept shall also be triggered by the <i>cognitive impairment</i> of the insured <del>which shall be described as the insured suffering deterioration or loss of intellectual capacity, due to Injury or Sickness, as measured by standardized tests commonly accepted for use in the medical community.</del></p>
<p>“Definitions and Concepts: <b>Disability</b>” or “<b>Disabled</b>” 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 other types of disability accepted by the Interstate Insurance Product Regulation Commission.</p>	<p>“<b>Disability</b>” or “<b>Disabled</b>” means that due to <i>Injury</i> or <i>Sickness</i>, a <i>Covered Person</i> meets <i>Disability</i> benefit triggers specified in the certificate. (The standards then go on to list the specific requirements for the various benefit triggers)</p>	<p>IAC says use GDI definition Also add Critical Illness, Catastrophic Disability, donation of organ or bone marrow for use as a transplant. For Skilled Nursing Home and Rehabilitation Facility, add “for a specified period of time, such as at least 30 days.” For Home Health Care or</p>	<p>In order to allow for Disability benefits for certain Incidental Benefits the PSC may wish to add, the PSC suggests adding the different benefit triggers that would be considered for these Incidental benefits. Not all of the terms listed under GDI are needed for IDI.</p> <p><b>Disability</b>” or “<b>Disabled</b>” 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</p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

		<p>Hospice Care, add “at the direction of a Physician, for a specified period of time, such as at least 30 days.” The companies have this time limit and “Physician’s direction” approved for current products in the marketplace.</p>	<p><i>Total Disability</i>, or <u>the insured meets other <i>Disability benefit triggers specified in the policy.</i> types of disability accepted by the Interstate Insurance Product Regulation Commission. <i>Other Disability benefit triggers may include:</i></u></p> <p><u>a. The insured is terminally ill with a life expectancy of 12 months or less, as certified by a Physician;</u></p> <p><u>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>;</u></p> <p><u>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.</u></p> <p><u>d. The insured is confined as an inpatient in a Skilled Nursing Home or Rehabilitation Facility where a daily room and board charge is made;</u></p> <p><u>e. The insured is receiving home</u></p>
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

			<p><u>health care or hospice care;</u>  <u>f. The insured is a risk for transmitting a Contagious Disease and the ability to perform the Substantial and Material Duties of the insured's Occupation is restricted by a state licensing board or by another appropriate government authority because the risk of transmission of a Contagious Disease to others with whom the insured may be in contact.</u></p>
<p>“<i>Sickness</i>” means illness, disease or pregnancy, including 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 Sickness “first manifest itself” shall not override the provision entitled <b>Time Limit for Certain Defenses Other Than Misstatements in the Application</b>.</p> <p>(a) The company shall accept a <i>Physicia</i>’s diagnosis of complications of pregnancy.</p> <p><b>Drafting Note:</b> This definition or concept is expressed as a</p>	<p>“<i>Sickness</i>” means illness, disease, or complications of pregnancy. If <i>Disabilities</i> caused by pregnancy are to be covered under the policy, then <i>Disability</i> benefits for a pregnancy will be paid on the same basis as for a <i>Sickness</i>.</p>	<p>IAC wants to delete reference to pregnancy as in GDI.</p>	<p>Since normal pregnancy is not considered a sickness, the PSC suggests:</p> <p>“Sickness” means illness, disease or <del>pregnancy, including</del> 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 Sickness “first manifest itself” shall not override the provision entitled Time Limit for Certain Defenses Other Than Misstatements in the Application.</p> <p>(a) <u><i>Disability</i> benefits for a pregnancy will be paid on the same basis as for a Sickness.</u></p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

<p>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, Paragraph (13) of this document 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><b>(b)</b> The company shall accept a Physician’s diagnosis of complications of pregnancy.          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 <del>section, Paragraph (13)</del> <u>Preexisting Conditions of this document</u> 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><b>§3 F. F. PERMISSIBLE LIMITATIONS OR EXCLUSIONS</b>  <b>Aviation.</b> 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</p>	<p><b>Aviation</b>  <i>Disability</i> that results from travel in or descent from an aircraft 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</p>	<p>The IAC suggests adding all of the GDI exclusions to those in the IDI list that are not in GDI.</p>	<p>The PSC suggests adding "<u>Aviation</u>" <u>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</u> for consistency with the GDI standards</p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

<p>limited or excluded.</p>	<p>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.</p>		
<p><b>No exclusion for Aeronautics</b></p>	<p><b>AERONAUTICS</b> (1) <i>Disability</i> that results from hang-gliding, skydiving, parachuting, ultralight, soaring, ballooning and parasailing may be limited or excluded.</p>	<p>The IAC suggests adding all of the GDI exclusions to those in the IDI list that are not in GDI.</p>	<p>The PSC suggests adding to make the exclusions in IDI and GDI consistent, since states are approving this exclusion/limitation. Otherwise this may cause adverse selection for Compact approved products and potentially result in an applicant being declined if he or she pursues these activities since the policy cannot exclude coverage.</p>
<p><b>Disabilities Not Verifiable by Objective Medical Means.</b> Loss that results from a specific injury or specific sickness 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 injury or sickness. The policy shall not exclude coverage for such disabilities from the policy</p>	<p><i>Disability</i> that results from an <i>Injury</i> or <i>Sickness</i> not verifiable by <i>Objective Medical Means</i> may be limited to a period specified in the certificate, not less than 12 months or the maximum <i>Benefit Period</i>, whichever is less. The policy shall not exclude coverage for such <i>Disabilities</i>. 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</p>	<p>The IAC suggests adding all of the GDI exclusions to those in the IDI list that are not in GDI.</p>	<p>The definition in GDI was expanded to make it more clear what “objective medical means” includes. The PSC recommends the same for IDI.</p> <p><b>Disabilities Not Verifiable by Objective Medical Means.</b> Loss that results from a specific injury or specific sickness 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</p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

	<p>diagnostic techniques. As used in this item, “<i>Objective Medical Means</i>” means medical evidence consisting of signs, symptoms, and laboratory findings. A diagnosis based solely on a <i>Covered Person’s</i> statement of symptoms will not be considered <i>Objective Medical Means</i> of verifying an <i>Injury or Sickness</i>.</p>		<p>from injury or sickness. The policy shall not exclude coverage for such disabilities from the policy.  <u>An Injury or Sickness 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 Injury or Sickness.</u></p>
<p>No limitation specific to Specified Conditions</p>	<p><b>F. SPECIFIED CONDITIONS</b>            (1) <i>Disability</i> that results from specified conditions may be limited to a period specified in the certificate of not less than 12 months or the maximum <i>Benefit Period</i>, whichever is less. The policy shall not exclude coverage for such <i>Disabilities</i>. The specified conditions may include any one or more of the following:            fibromyalgia; chronic fatigue syndrome; myofacial pain syndrome, environmental allergic</p>	<p>The IAC suggests adding all of the GDI exclusions to those in the IDI list that are not in GDI.</p>	<p>The PSC concluded that there appears to be no real difference between IDI and GDI for this and the IAC originally asked for its inclusion in GDI because sometimes these conditions are diagnosed using objective medical means, so it is not covered under Disability not verifiable by objective medical means, but they can result in significant disability time. The PSC concluded that adding this limitation may allow those who might be otherwise declined due to medical</p>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

	<p>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.</p> <p>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.</p>		<p>underwriting to obtain some level of coverage</p> <p><u>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 <i>Disabilities</i>. The specified conditions may include any one or more of the following: fibromyalgia; chronic fatigue syndrome; myofascial 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.</u></p> <p><u>The limitation shall not apply to the following conditions: scoliosis, spinal fractures, osteopathies, traumatic spinal cord necrosis,</u></p>
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

			<u>radiculopathies documented by an electromyogram, spondylolisthesis grade II or higher, myelopathies and myelitis, demyelinating diseases, and spinal tumors, malignancies or vascular malformations.</u>
<b>Illegal Occupation:</b> Loss that results from the insured being engaged in an illegal occupation may be limited or excluded.	<b>Illegal Occupation or Activity:</b> Disability that results from the Covered Person’s being engaged in an illegal occupation or activity may be limited or excluded.		The PSC recommends adding “activity” to IDI for consistency and to make clear that it isn’t just illegal work, it is any illegal activity.  <b>Illegal Occupation <u>or</u> Activity:</b> Loss that results from the insured being engaged in an illegal occupation <u>or activity</u> may be limited or excluded.
No limitation or exclusion	<b>RECREATIONAL ACTIVITY (AVOCATION, HOBBY, SPORT)</b> (1) Disability that results from 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), rock or mountain climbing, skin or scuba diving or bungee jumping. The certificate may also limit or exclude Disability that results from	The IAC suggests adding all of the GDI exclusions to those in the IDI list that are not in GDI.	Following public comment the PSC agreed to the following addition:  <u>Disability 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</u>

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

	a Covered Person's participation in any sport for wage, compensation or profit		<u>requiring specialized equipment, or bungee jumping. The certificate may also limit or exclude Disability that results from an insured's participation in any sport for wage, compensation or profit</u>
<b>PROHIBITED LIMITATIONS AND EXCLUSIONS</b> Nothing for Discretionary Clause	<b>PROHIBITED LIMITATIONS AND EXCLUSIONS</b> <b>B. DISCRETIONARY CLAUSES</b> (1) No policy or certificate may contain a provision: (a) Purporting to reserve sole discretion to the insurance company to interpret the terms of a policy or certificate; or (b) 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 a Certificateholder.		The PSC recommends adding this under Prohibited Limitations or Exclusions to make it clear that the Compact does not permit discretionary clauses. This language is in other standards.  <b><u>G. PROHIBITED LIMITATIONS AND EXCLUSIONS</u></b> <b><u>(2). DISCRETIONARY CLAUSES</u></b> <u>(a) No policy may contain a provision:</u> <u>(i) Purporting to reserve sole discretion to the insurance company to interpret the terms of a policy; or</u> <u>(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.</u>
<b>Suspension, Surrender or</b>	<b>D. SUSPENSION,</b>		The PSC suggests the following

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

<p><b>Revocation of a Professional License or Certificate.</b> When the company provides coverage for disabilities based upon an inability of an insured to perform the substantial and material duties of the insured’s own Occupation and the insured is not in fact engaged in any job or Occupation for wage or profit (“own Occupation” definition), a Disabled insured who has his/her professional license/certificate suspended or revoked or who shall surrender his/her professional license/certificate may inappropriately receive benefits based upon an “own Occupation” definition. The Disabled insured in these limited circumstances is no longer licensed or certified to perform his or her “own Occupation” (either permanently or during the suspension period) and could receive benefits in these limited circumstances even though able to perform the substantial and material duties of any work or</p>	<p><b>SURRENDER OR REVOCATION OF A PROFESSIONAL LICENSE OR CERTIFICATE</b>  (1) The group insurance certificate may state that suspension, surrender or revocation of a professional license or certificate shall not alone constitute Disability.</p>		<p>revision for clarity and consistency with GDI:</p> <p><u>The policy may state that suspension, surrender or revocation of a professional license or certificate shall not alone constitute Disability.</u></p>
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## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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<p>Occupation for which he/she is still qualified by reason of education, training or experience (“any Occupation” definition) without a need for a professional license or certificate. In effect, these limited circumstances may allow a Disabled insured to receive benefits based upon an “own Occupation” definition because of the suspension, revocation or surrender of a professional license/certificate instead of the presence of Disability impeding a properly licensed or certified insured from performing his/her “own Occupation.” The suspension, surrender or revocation of a professional license or certificate does not alone constitute Disability.</p>			
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**Insurance Compact Office update following the Jan. 23, 2018 PSC Public Call:**

**The IAC submitted the following comments:**

**Appendix A – Recreational Activities**

Typical IDI policies don’t have exclusions listed in the policy for hazardous recreational activities. These exclusions or limitations are usually handled at underwriting, on an individual basis, based on answers to questions regarding training,

## Appendix A

### Recommended Changes to Standards for Individual Disability Income Insurance Policies for Consistency with Group Disability Income Insurance Uniform Standards

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intensity, duration, exertion, use of specialized equipment, frequency, etc. The IIPRC currently has specific standards for a form used to exclude or limit benefits based on the underwriting process.

However, to accommodate the trend toward “buying” versus being “sold” insurance (people want to buy everything online, even insurance), and to further aid companies in creating disability products that are affordable to the masses, it will become increasingly important to be able to create policies that have these types of exclusions or limitations built-in.

To that end, we want the ability to include these types of exclusions or limitations. It gets to the heart of the risk and to help alleviate your concerns, some qualification could be included, as follows:

Scuba Diving: depths greater than 100 feet, including decompression, cave, and mixed gas diving, or dives requiring specialized equipment.

Rock or Mountain Climbing: untethered indoor rock climbing; rock or mountain climbing with the use of equipment, such as ropes, pulleys, harness, ice axe.

#### **David Bolton, Oregon Division of Financial Regulation submitted the following comments:**

7. Claim management has been used for years to determine any anti-selection in disability claims, instead of new broad exclusions and limitation in the individual disability insurance product standards.

**Insurance Compact Office update following the Feb. 20, 2018 PSC Member Call:** The PSC discussed the comments and noted that the description of rock or mountain climbing proposed seems to reward a risk taker rock climbing in the outdoors without any safety equipment. Following discussion, the Committee agreed to recommend the following language:

Disability 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 certificate may also limit or exclude Disability that results from an insured’s participation in any sport for wage, compensation or profit