

Comments from the Consumer Advisory Committee

From: Sonja L Thorne
Sent: Monday, January 22, 2018 3:08 PM
To: Narcini, Anne Marie
Cc: Schutter, Karen; Fred Nepple; Brendan Bridgeland; asperling@nami.org; Angela Lello; James McSpadden

Subject: IIPRC Comments for January 23, 2018 Hearing Draft IIPRC Report: Recommendations for The Uniform Standards Currently Subject to Five Year Review (Phrase 8 Individual Disability Income Insurance ("Report"))

We commend the Product Standards Committee and staff for the thoughtful and thorough consideration of the issues raised during this Phase 8 Review. We are largely supportive of the recommendations contained in the Report with some exceptions. We note in particular :

1). We continue to oppose a standard that authorizes a benefit period of less than six months, contrary to the NAIC Model 171. If this recommendation is retained we urge you to mitigate the potential for deceptive or unsuitable sales of a short duration benefit period policy. The recommended policy cover page statement is delivered too late in the sale process and ineffectual. We urge you to recommend that the IIPRC:

- Ask the NAIC to review Model 171 and Model 880 to either reaffirm the current 6-month restriction or specifically address suitability and disclosure at time of sale. The gap between IIPRC policy form authority and NAIC and state market conduct regulation should be addressed by coordination, not by leaving consumers abandoned in the hole. We note that this IAC proposal attempts to preempt both the NAIC Model 171 and the regulations in many states without any opportunity for either the NAIC or state regulators to consider how best to regulate this practice if it is permitted.
- Require a separate form included with the application that clearly and prominently discloses the policy limited benefit period and that acknowledges notice and explanation of the policy limited benefits period and must be signed by the applicant.
- Include a note in the standard that failure to provide clear disclosure of the limited benefit period time at time of sale and completion of the application constitutes a misrepresentation under Model 880, the NAIC Model Unfair Trade Practice Act.

2). We support the item 2 recommendation that permits no more than a 45-day elimination period when the benefit is less than six months. This provides some assurance that the benefit will be meaningful.

3). We support the item 3 recommendation to reject the IAC proposed changes to the definitions of non-cancellable and guaranteed renewable.

4). We support the item 6 recommendation regarding pre-existing condition exclusions. However we suggest the phrase "for which the insured took or was prescribed drugs or medications" should be revised to " for which a qualified health professional prescribed drugs or medication."

5). We support the item 15 recommendation of a ten-year limit on look back for underwriting questions. We question the IAC's unsupported assertion that the "average" consumer doesn't need this protection.