

Agenda Item 2. Finalize Discussion on 2. Finalize Discussion and questions for Public Comment on Substantive Item #14 – Incidental Benefits in the Draft IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 8 – Individual Disability Income Insurance)

The Insurance Compact staff provided the Product Standards Committee (PSC) with an overview of the discussion on the last member call regarding this item and the revisions made to the Incidental Benefits document. The provision for Incidental Benefits not specifically listed was moved to the end of the document and it was revised to include a maximum 30 day elimination period as well as specific information on when benefits end. It was suggested that the document be exposed for Public comment to obtain information on whether these benefits are currently offered in the individual market and if so, how they are priced. The Committee reviewed the document and agreed to expose it for Public comment.

Agenda Item 3. Review the AWG comments and recommendations for the items referred to them by the PSC.

The Insurance Compact staff provided an overview of the Actuarial Working Group (AWG) feedback on the Substantive item and three clarification items referred to them for review. For the Substantive item, the Compact staff noted that the AWG members agreed that the MLR's should be consistent with the NAIC Guidance #134, but they were less certain about adding a requirement for adjustment of the MLR for High Average Premium policies. They believed that the High Average Premium MLR adjustment listed in the proposal, although consistent with the NAIC Guidance, was different since the Compact's adjustment for Low Average Premium set a considerably higher premium than in the NAIC Guidance #134. The AWG questioned whether many states followed a similar process. They suggested that the PSC consider exposing the draft with a requirement to adjust the MLR for High Average Premium plans to obtain feedback and that the Committee check to see if their states require an adjustment to the MLR for High Average Premium plans and if so, what the details of the adjustment/threshold are. The Compact office is also researching previously approved IDI products to determine the level of the average premium for plans currently being submitted for approval.

The AWG had no actuarial concerns with the three clarification items that they reviewed. The PSC agreed with the AWG feedback on the Substantive item as well as the three clarification items.

Agenda Item 4. Review and discuss the Insurance Compact Office Recommendations for conforming changes to *Standards for Individual Disability Income Insurance Policies* for consistency with *Group Disability Income Insurance Policy and Certificate Uniform Standards*.

The Insurance Compact staff reviewed a document they prepared in which they summarized recommendations for consideration to conform certain provisions in the *Standards for Individual Disability Income Insurance Policies* to similar provisions in the *Group Disability Income Insurance Policy and Certificate Uniform Standards*. Staff reviewed the Appendix in the Report

and weeded out items that were covered in the Substantive Item section of the Report or that the PSC felt was outside the scope of a 5-Year review. The Committee reviewed the items and agreed with most recommendations. For the Exclusion or Limitation for Recreational Activity, several members had concerns with excluding or limiting some items on the list that could be considered fairly ordinary recreational activities like scuba diving and mountain climbing if that was the equivalent of hiking. The Committee agreed to seek public comment on this items as well as suggestions for limiting the list to risky recreational activities.

Agenda Item 5. Any Other Matters. The Chair advised members that this was the last call of the year for the Committee and that the PSC planned to hold a Public call on January 23rd to seek comment on the recommendations for the 5-Year review of the Individual Disability Income Insurance Uniform Standards.