Additional Standard for Incidental and/or Ancillary Benefit Features for Life Insurance Products

1. Definitions
PA suggests the following refinements to the definitions for clarification, to further limit the value of any incidental life insurance benefit, and to discourage the introduction of third-party promotional or marketing programs into the policy or certificate.

- “Incidental life insurance benefit” means a death cash benefit provided upon death, either on the life of the insured under the base policy or a different insured. A policy may have one or more incidental life insurance benefit provisions, provided that the aggregate death benefit of the incidental life insurance benefits does not at any time exceed the lesser of 10% of the death benefit under the base policy or $10,000.

- “Ancillary benefit” means a good or service provided or disclosed as part of a policy or certificate of insurance, whether available to the owner during the lifetime of the insured or to the beneficiary upon death of the insured, that is reasonably related to the policy being issued and may include, but is not limited to, goods or services for such as (1) physical fitness or wellness programs or facilities resources, or other similar tools or programs resources; or (2) financial planning, will preparation, bereavement counseling, or other similar tools or services; or (3) the promotion of reducing mortality and morbidity. The aggregate value of all ancillary benefits provided by the policy shall be less than or equal to 10% of the policy death benefit and there shall be no premium charge to the insured for the ancillary benefit.

2. § 2A. BENEFIT PROVISIONS - INCIDENTAL LIFE INSURANCE BENEFIT
PA suggests the following refinement to item 2A.(3) on page 4 of the draft standards, to ensure that the reviewer has discretion to reject a form with conditions that may be open to different interpretations.

- (3) The form shall describe all conditions that shall be met to be eligible for the incidental life insurance benefit. Such conditions shall be objective, unambiguous, and not contrary to reasonable owner expectations.

3. § 2B. BENEFIT PROVISIONS - ANCILLARY BENEFIT
PA suggests the following refinement to item 2B.(3)(b) on page 6 of the draft standards, to ensure that the owner is not required to allow information sharing with third parties or to receive written or electronic communications that may be of no interest.

- (3)(b) The form shall state whether that acceptance or declination of the ancillary benefit feature is optional.
We look forward to discussing public comments on the upcoming conference call.

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