Thank you for the opportunity to respond again to additional industry comments received on the Individual Disability Income Five year review, that arrived today for the conference call tomorrow. This is in addition to Oregon’s lengthy concerns posted on July 7 2017.

It is my opinion, as someone who worked on the original individual disability standards with some very experienced regulators, that the five year review process should not be used to lower consumer protections for a fully underwritten unilateral issued individual insurance contract.

1. Individual Disability Insurance is not the same as group disability insurance. My own Individual disability insurance required full occupational and medical underwriting. It contains a three year true own occupation definition of disability and very limited exclusions and limitations. I pay the premium for both individual and group long term disability insurance. Group Long Term Disability Insurance can change every open enrollment and with every IIPRC five year review of the product standards. Why would fully underwritten products also require a long waiting period. This is usually for group disability that is issued without full underwriting. A individual long term disability contract should continue to require at least a 12 month own occupation definition.

2. Product standard changes that provide more limited benefits and duration, should have separate product standards developed, and correctly titled as Short-Term Disability Income/Insurance. Protecting income for most consumers is a long term need and for most, is needed until working is completed at age 65. Product Standards that allow for limited benefits will transfer some of this continuing risk of long term disability from the insurance company to state programs.

3. Less than a six month benefit period with a 90 day waiting period, appears to be an illusionary benefit for a product with the title of long term disability insurance or just disability insurance. This is why it is not allowed under Model 171 and Model 880. This should be titled short-term disability insurance.

4. Lump sum payments in the past, were for long term disability claims that everyone agreed would continue with little hope of recovery. (total disability) The longer the benefit period, the higher the offer for the lump sum benefit, which the person disabled could accept or reject.

5. “A somewhat catastrophic or long term disability” should be allowed under the product standards for only additional coverage only after first meeting the definition of disability and claim benefits approved under the individual disability contract. Not for replacing a stand-alone long term care trigger (2 or more ADL’s) which would cut out most of the disability benefits approved under the current disability product standards. (and why would they need another waiting period on top of that very limited benefit?)
6. Total disability should not be required before a claimant can apply for partial disability benefits. It benefits the insurance company and the employer if the employee can work as much as they can. This could lead to full recovery early, and end disability benefits or delay full disability benefits until needed. Partial disability benefits could be needed before or after qualification and the need for full disability benefits. Again for a fully underwritten contract, why the need for an additional elimination period?

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.

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