DATE: April 15, 2013
TO: IIPRC Product Standards Committee
FROM: Industry Advisory Committee
SUBJECT: Group Term Life Standards:
  • Accelerated Death Benefits (dated 3/26/13)

Page 4, C. COVER PAGE

If we were to keep this standard, the correct title should be “COVER PAGE OR FIRST PAGE”, as we did for the group policy/certificate standards.

Our opinion is that this standard should be deleted. In the group environment, the decision to include an accelerated death benefit will be made by the employer.

Last November, we were asked to support why a Declaration section of the Statement of Insurability would need to allow flexibility for variable material, and we provided a sample which included the following above the signature line:

“I understand that Life Insurance may include an Accelerated Death Benefit option under which a terminally ill insured can accelerate a portion of his or her life insurance amount. An interest and expense charge may be deducted from the accelerated payment. Receipt of accelerated benefits may affect eligibility for public assistance.”

The accelerated death benefit section of a group certificate, or a section of a rider, amendment or endorsement used to attach such benefit to the certificate, would include the relevant provisions and disclosures. Additional disclosure will be made at the time of application for the benefit and at the time of payment of the benefit.

If accelerated death benefits are included, the amount available is shown in the schedule of benefits/specifications page.

To require that (a), (b) and (c) be shown on a cover page or first page of the benefit description is unnecessary for group certificates and benefit features.

Item (a): This is not currently required for the waiver of premium, accidental death or accidental death and dismemberment benefits, so why is it a need for accelerated death benefits?
**Items (b and c)**: At the time of issuance, how important is it to advise as to what may happen and what advice one should seek if and when a Covered person accelerates –if this is already covered in the certificate/rider, amendment or endorsement, and additional disclosure is required at time of application and at time of payment, which is when this is more meaningful, what added value is to have this on the “cover page or first page”?

Accordingly, we strongly recommend that this standard be deleted.

Submitted by:

**IIPRC Industry Advisory Committee:**

Bill Anderson, NAIFA  
Jason Berkowitz, IRI  
Joe Muratore, New York Life  
Mary Keim, State Farm Insurance Company  
Miriam Krol, ACLI  
Amanda Matthiesen, AHIP  
Jill Morgan, Symetra  
Marie Roche, John Hancock