

/DATE: March 31, 2017
TO: IIPRC Product Standards Committee (PSC)
FROM: Industry Advisory Committee
SUBJECT: IIPRC 5 Year Review For Phase 8: Individual Disability Income

GENERAL COMMENTS

The current IDI standards reflect the traditional approach, designed when employment conditions were fairly standardized and predictable. Individuals went to a work location, built a career in a specific field or occupation and capitalized on building that career until retirement. Today's worker is expected to have several careers in his or her lifetime. The definition of "work" or "occupation" is changing due to significant advances in technology. If a product designed to cover consumers in their working years does not adapt to how people now work, that product will soon be irrelevant.

While there will always be a market for the traditional product, the IDI standards need to be flexible enough to not only to support new, more creative product solutions, but foster their development. The companies need to have the ability to create affordable products for those who truly cannot afford traditional type coverage but are in much need of income protection, especially in the event of a long-term or serious disability. Many of the Group DI standards give options and flexibility in areas where the current IDI standards are lacking (e.g., expanding on types of covered disabilities, "any occ" definition of disability, etc.). The world is changing and the way the companies do business and how they market disability insurance must change as well if they are to reach the most people possible with these important living benefits.

If the 5 Year Review process for the IDI standards can encompass the traditional product needs as well as the more innovative approaches that allow more creative product solutions, more companies would have a significant incentive to file their IDI products with the IIPRC.

As part of the 5 Year Review process, the IIPRC has updated many Individual standards for consistency with some provisions, and our comments include suggested changes for IDI for consistency across the standards.

Some tweaking of the Group DI nomenclature is needed where the IDI product behaves differently. When including GDI standards, the following terms need to be changed:

- "Covered Person" changes to "insured"
- "certificate" changes to "policy"
- "policyholder" changes to "employer" or "insured's business", as appropriate
- "owner" needs to be added for certain rights under the policy.

We deem the comments below to be our initial set of comments, and we reserve the right to submit additional comments as we continue our review.

SPECIFIC COMMENTS FOR THE POLICY

Scope Section, Page 1

Allow combination of IDI, Individual Life and Individual LTC.

§1: ADDITIONAL FILING SUBMISSION REQUIREMENTS C. VARIABILITY, Item (1), Page 2

Include right to perform an autopsy – needed for Death Benefits.

§3: POLICY PROVISIONS

B. DEFINITIONS AND CONCEPTS, Pages 6-15

In *Preamble*, update last sentence as per other standards.

Include definitions/concepts from GDI as suggested:

Add from GDI “*Activities of Daily Living*”, “*Bathing*”, “*Continence*”, “*Eating*”, “*Dressing*”, “*Toileting*”, and “*Transferring*” for Incidental Benefits that will include an ADL Benefits (Insured/Spouse) modeled on GDI.

“*Beneficiary*”: Change first sentence to say “designated by the owner”. Some companies do not handle designations in the application but use a separate administrative form. In second sentence change to say “If a policy will include benefits payable to a *Beneficiary*, the policy shall contain...”.

“*Benefit Period*”: Modify “periodic” concept to allow lump sum payments as well. Also change to “at least 3 months of periodic payments” to allow for less than 6 month benefits. Availability of 3-month periods is beneficial to consumers who may desire a shorter benefit period (e.g., to coordinate an IDI plan with a long-term GDI plan provided by an employer) and useful to companies that market IDI as a voluntary benefit through the worksite.

“*Child*”: Include from GDI. Delete (vii).

“*Cognitive Impairment*”: Use the HHS definition throughout IDI, including definition of *Disability* as an additional trigger, and for *ADL benefits* in Incidental Benefit section, etc.

“*Contagious Disease*”: Include from GDI for use in definition of *Disability and* Incidental Benefit section.

“*Critical Illness*”: Add from GDI for *Disability* trigger and *Incidental Benefit* section addition, and change lead-in to say “means any ***one or more*** of the following”.

“*Death Benefits*”: Delete. There is a death Benefit in the Incidental Benefit section which explains what the benefit is.

“*Dependent*”: Add from GDI for Incidental Benefit sections.

“*Disability*” or *Disabled*: Substitute from GDI. Also add *Critical Illness*, *Catastrophic Disability*, donation of organ or bone marrow for use as a transplant. For *Skilled Nursing Home* and *Rehabilitation Facility*, add “***for a specified period of time, such as at least 30 days.***” For *Home Health Care* or *Hospice Care*, add “***at the direction of a Physician, for a specified period of time, such as at least 30 days.***” The companies have these time limit and “Physician’s direction” approved for current products in the marketplace.

“*Eligible Survivor*”: Delete. Beneficiary is language companies prefer since it fits better when they sell IDI in combination with life insurance.

“*Family Member*”: Add from GDI and change to say “parent, grandparent, in-laws, *Spouse* or *Child*”.

“*Guaranteed Renewable*” and “*Noncancellable*”: In line with the General Comments above, the companies are exploring alternative language that better fits today’s need for creative product solutions. With the change in consumer behavior and the shift in mindsets, younger consumers are seeking more flexibility and have different life milestones with age 65 not as important of a date to them. Changing this definition will allow more flexibility in product development and pricing to meet these changing consumer needs.

For example, we are considering the following for both definitions/concepts:

“***Guaranteed Renewable***” means that an insured has the right to continue a policy in force by the timely payment of *Premiums* set forth in the policy until the earliest of the following to occur:

- (a) The insured attains a specified age (not less than age 50);
- (b) The insured’s fifth *Policy Anniversary*; or
- (c) The insured is receiving retirement benefits under governmental retirement benefits, or other qualified or nonqualified retirement benefits.

During such period, the company shall not unilaterally make any change in any provision of the policy while the policy is in force, except that the company may make changes in *Premium* rates by classes.

This policy may also become *Conditionally Renewable* at the option of the company after the *Guaranteed Renewable* period ends.

“*Noncancellable*” means that an insured has the right to continue a policy in force by the timely payment of *Premiums* set forth in the policy until the earliest of the following to occur:

- (a) The insured attains age a specified (not less than age 50);
- (b) The insured’s fifth *Policy Anniversary*; or
- (c) The insured is receiving retirement benefits under governmental retirement benefits, or other qualified or nonqualified retirement benefits;

During such period, the company shall not unilaterally make any change in any provision of the policy, including *Premium* rates.

This policy may also become *Conditionally Renewable* at the option of the company after the *Noncancellable* period ends.

“*Hands on Assistance*”: Add from GDI.

“*Hospital*”: Substitute GDI.

“*Injury*”: Change the second reference to “bodily injury” to *Sickness*”.

“*Job*”, “*Occupation*”, “*Specialty*”: Add from GDI. Change to say “performed for wage or profit, deleting “at a required employer location” which is a group requirement only.

Add to each of these terms the *unemployed* and *retired* concepts and define these terms.

If the insured is Unemployed at the time Disability begins, the term will be deemed to mean:

- (a) The last *Job* in which the insured worked within a specified period of time, such as twelve (12) months; or
- (b) Any *Job* which the insured was able to perform based on his or her education, training or experience.

“*Unemployed*” as used in this item means that an insured is not actively working in any capacity for pay or profit at the time *Disability* begins, and is not eligible for governmental retirement benefits, or other qualified or nonqualified retirement benefits.

If the insured is Retired at the time Disability begins, the term will be deemed to mean:

- (a) The last *Job* in which the insured worked within a specified period of time, such as twelve (12) months;

- (b) Any *Job* which the insured was able to perform based on his or her education, training or experience; or
- (c) Inability to perform any of the normal activities of a retired person in good health and of like age.

“*Retired*” as used in this item means that the insured is not actively working in any capacity for pay or profit at the time *Disability* begins, and is eligible for governmental retirement benefits, or other qualified or nonqualified retirement benefits.

“*Mental or Nervous Disorders*”: Add the option for a company to include specific disorders recognized in the psychiatric/psychologist fields but not yet included in a DSM update:

“*Mental or Nervous Disorder*” may be defined:

(a) to be no more restrictive than those classified in the Diagnostic and Statistical Manual of Mental Disorders (DSM), published by the American Psychiatric Association (APA), most current version as of the start of a *Disability*. If the DSM is replaced by the APA, these disorders will be those classified in the diagnostic manual then in use by the APA as of the start of a *Disability*. At the discretion of the company, the definition or concept may refer to: 1. disorders listed in the DSM, or 2. only certain disorders listed in the DSM. If the APA no longer publishes a diagnostic manual or the APA ceases to exist, the company may substitute a comparable diagnostic manual subject to approval by the Interstate Insurance Product Regulation Commission before use of the comparable diagnostic manual; or

(b) to mean an abnormality, disorder, disturbance, dysfunction or syndrome that is mental, emotional, behavioral, psychological, personality, cognitive, mood or stress-related, regardless of cause (which may include any biological or biochemical disorder or imbalance of the brain) and regardless of the presence of physical symptoms, for which an insured is under the regular care of a licensed psychiatrist or psychologist. The term includes, but is not limited to:

- (i) bipolar affective disorder or organic brain syndrome;
- (ii) schizophrenia or other psychotic or delusional disorders;
- (iii) post-traumatic stress disorder;
- (iv) depression and depressive disorders; or
- (v) anxiety and anxiety disorders.

The term does not include Alzheimer’s disease or similar forms of irreversible dementia, including dementia resulting from stroke, trauma or infectious diseases.

Discussion Note:

Industry notes that the DSM was updated in 1980, 1994 and 2013. Option (b) above allows a company to include a specific list of disorders which are at the time recognized in the psychiatric and

psychology fields of medicine but may not yet be included in the DSM due to infrequent updating of the DSM.

Drafting Note: The company shall have the ability to exclude certain DSM disorders from the definition or concept. Inclusion or exclusion of DSM disorders may expand or restrict coverage for the insured.

When inclusion or exclusion of ~~DSM~~ disorders restricts coverage, such restrictions shall be consistent with the Interstate Insurance Product Regulation Commission standards for the exclusions and limitations sections of the policy.

“*Optionally Renewable*”: Add from GDI.

“*Partial Disability*” or “*Residual Disability*”: Substitute the GDI approach, and make following changes:

- (a) Is not *Totally Disabled*; and
- (b) Is able to perform one or more but not all the *Substantial and Material Duties* of the work-related tests prescribed in the terms/concepts of *Regular Job, Regular Occupation, Regular Specialty*, or any other *Occupation* for which the insured is qualified by reason of education, training or experience, as applicable; or
- (c) Is able to perform all of the *Substantial and Material Duties* of his or her *Regular Job, Regular Occupation, Regular Specialty*, or any *Occupation* for which the insured is qualified by reason of education, training or experience, but not for the time usually required; and
- (d) Is in fact engaged in work for wage or profit at his or her maximum capacity, as determined by a *Physician*.

In (d), changed previous “**the Physician**” to “**a Physician**” to allow flexibility so company can also use one it designates.

“*Physician*”: Update the last sentence as per GDI.

“*Policy Anniversary*” and “*Policy Month*”: Add from GDI.

“*Preexisting Conditions*”: Use the GDI definition/concept but add the item (b) highlighted below which is currently in the IDI standards:

“*Preexisting Condition*” means:

- (a) A condition for which symptoms existed that would cause an ordinarily prudent person to seek diagnosis, care or treatment within a specified period of time (such as 1 to 12 months, but not to exceed 24 months) preceding the insured’s effective date of the coverage;

(b) A condition, whether diagnosed or not, for which medical advice or treatment was recommended by a *Physician* or received from a *Physician* within a specified period of time (such as 1 to 12 months, but not to exceed 24 months) preceding the insured's effective date of the coverage; or

(c) A condition, whether diagnosed or not, for which an insured received medical advice, consultation, diagnostic testing or treatment, or took or was prescribed drugs or medications within a specified period of time (such as 1 to 12 months, but not to exceed 24 months) preceding the insured's effective date of the coverage.

The term "insured's coverage" as used in this definition or concept refers to initial coverage amounts and it may also refer to coverage increase amounts. In the case of coverage increase amounts, the time periods in this definition or concept run anew from the effective dates of the increased coverage amounts and apply anew only to the coverage increases.

We note that in Model #171, §5, which is applicable to "an individual accident and sickness insurance policy", Item K. on page 5 includes the "prudent person" language that Idaho and Wyoming object to, and that is included in the current IDI standards. The language the two states prefer is actually included in §7J(2)(k) which is applicable only to "Specified Disease Coverage".

"*Pre-Disability Earnings*": Add Drafting Note from GDI.

"*Premium*": Add from GDI.

"*Presumptive Disability*": Add from GDI but make these changes which are currently in the IDI standards:

- (a) Speech;
- (b) Hearing **in both ears**;
- (c) Sight **in both eyes**; or
- (d) Use of **both arms, both legs, or use of one arm and one leg.**

"*Progressive Disease or Disorders*": Add from GDI for Incidental Benefit section.

"*Proof of Loss*": Add from GDI but delete all but first sentence. **Section 4 REQUIRED PROVISIONS, A. CLAIMS, *Proof of Loss*** sub-section describes the required proof components.

"*Recurrent Disability*": Substitute GDI.

"*Regular Job*", "*Regular Occupation*", "*Regular Specialty*": Add from GDI but change "***on the day before Disability begins***" to say "***at the time Disability begins.***"

"*Rehabilitation*": Add "*Job*" and "*Specialty*" and delete "***of receiving services***".

“*Sickness*”: Delete “or pregnancy” as per GDI and update reference to Time Limit on Certain Defenses.

“*Specialty*”: Add references to osteopathy and dentistry.

“*Spouse*”: Add from GDI.

“*Substantial and Material Duties*”: Add from GDI, and change to say “the insured’s *Job, Occupation or Specialty*”, as applicable”. We believe that the above standard would allow a company to use either the “required by the insured’s *Job, Occupation or Specialty*” test, or use the “required in the national economy or marketplace” test.

“*Substantial Assistance*”: Add from GDI.

“*Total Disability*”: Substitute GDI with these changes:

“*Total Disability*” means that, due to an *Injury* or *Sickness*, an insured:

- (a) Is unable to perform **all** the *Substantial and Material Duties* of **his or her *Job, Occupation or Specialty***, or any gainful ***Job, Occupation or Specialty*** for which the insured is qualified by reason of education, training or experience, as applicable; and
- (b) Is not in fact **working** for wage or profit.

§4: REQUIRED PROVISIONS

Substitute Section 4 from GDI and eliminate “group” only type standards.

CLAIMS

Payment of Benefits: Split into separate (a) and (b) to accommodate benefit payment in lump sum.

To Whom Payable:

Change the first sentence to say : “to an insured, owner, or *Beneficiary*, as applicable.

In the third sentence, change to delete “*Disability*” since benefits can also be paid for death.

Filing A Claim:

In (a), change 30 days to 20 days as per Model #171. Delete “group” from regional office. Add “as applicable” in (a) because not all companies use agents or have regional offices.

In (b), do the same “,as applicable,” since not all companies have regional offices. Change “*Proof of Loss*” reference to “**submitting a claim if the insured submits ...**”. The suggested definition/concept of *Proof of Loss*, as stated on page 2 of this commentary, is “that an insured has satisfied the conditions and requirements for any benefit described in the policy.” The initial notice of claim may not be sufficient to demonstrate a right for any such benefits. Therefore, rather than say that such notice complies with the *Proof of Loss* requirements, is it more accurate to say that such notice complies with the requirements of submitting a claim.

- (a) A provision that if an insured wants to file a claim, the insured must send a company notice of the claim. The provision shall state that the company must have written notice of any loss insured under the policy within 20 days after it occurs, or as soon thereafter as reasonably possible. The insured can send the notice to the company’s home office, to one of its **regional claims offices**, or to one of its agents, **as applicable**. The company needs enough information to identify the claimant as an insured.
- (b) A provision that within 15 days after the date of an insured’s notice, the company will send the insured certain claim forms. The forms must be completed and sent to the company’s home office or to one of its **regional claims offices, as applicable**. The provision shall state that if the forms are not furnished by the company within 15 days after the giving of such notice, the insured shall be deemed to have complied with the requirements of **submitting a claim if** the insured submits written proof covering the occurrence, character and extent of the loss for which the claim is made.

Proof of Loss:

In (a), change first sentence to say “within 90 days after the date of loss” as in current IDI standards. The last sentence is awkward – suggest adding an intro.

“**If *Proof of Loss* is submitted later than as specified in this item, and** if a claim reduction is applicable, such reduction shall be specified in the policy and shall not exceed 30% of the benefit amount otherwise payable.”

In (d), change “proof of *Disability*” to say “*Proof of Loss*”.

Right To Examine Test or Interview: Add right to perform autopsy as permitted in Model Act #170 page 13, M(2), and current IDI standards, and delete reference to “Disability” in paragraph after (b) since other type of benefits may be payable under the policy.

Right to Perform Autopsy, Examine, Test or Interview. A provision that:

- (a) **In the case of an insured’s death, a company may require an autopsy where it is not prohibited by law in the state where the policy is issued for delivery; and**
- (b) A company may ask an insured to be examined or tested as often as it requires at any time it chooses. The company may require the insured to be interviewed by its authorized representative.

The provision shall state that the company will pay third party charges for any **autopsy**, exam, test or interview which it requires. **The provision may state that the company will not pay the ~~Disability~~ benefits specified in the policy if a request for an autopsy is refused in a state where an autopsy is permitted by law, or if the insured fails to attend or fully participate in an exam, test or interview.**

Limit on Legal Actions: Remove from A. CLAIMS and include as independent topic since legal actions under a policy may involve issues other than claims, such as payment of due premiums.

CONFORMITY WITH IIPRC STANDARDS

Update as per latest IIPRC staff changes.

ELIGIBILITY

Delete.

ENTIRE CONTRACT

Change to read like IDI standards but update to reflect IIPRC current standards for this provision, as follows:

ENTIRE CONTRACT

- (1) The policy shall state that the policy, the applications, and any amendments, riders or endorsements to the policy shall constitute the entire contract between the company and the insured (owner if there is one designated under the policy). . No document may be included by reference.**
- (2) The provision shall also state that no agent has the authority to change the policy or waive any of its provisions. A change in the policy shall not be valid until approved by an executive officer of the company, and such approval needs to be endorsed or attached to the policy for the approved change to be binding.**

Drafting Note: **These standards are modified, as required or permitted by law, to enable fraternal to implement their respective articles and bylaws. See Appendix B.**

EVIDENCE OF INSURABILITY

Add GDI approach.

GRACE PERIOD

Use IDI/GDI approaches:

- (1) The policy shall include a grace period provision and describe the conditions of the provision.
- (2) A grace period shall be provided for the payment of any *Premium* due except for the first, as follows:
 - (a) For *Premiums* paid on a weekly basis, at least seven (7) days;
 - (b) For *Premiums* paid on a monthly basis, at least ten (10) days; and
 - (c) For all other *Premium* modes, at least thirty-one (31) days.
- (3) The coverage shall continue in force during the grace period. However, if *Premium* is not paid by the end of the grace period, coverage will automatically end on the date of the last period for which *Premium* was paid.
- (4) The policy may state that if an insured dies during the grace period, the overdue *Premium* will be deducted from any *Disability* benefits payable under a policy.
- (5) In a policy which the company reserves the right to refuse renewal, the grace period provision shall state that the owner has a grace period unless, not less than thirty (30) days prior to the renewal date, the company has delivered to the owner (or sent by first class mail to the owner) written notice of the company's intent not to renew the policy beyond the period for which *Premium* has been accepted by the company. The provision shall state that the company may refuse renewal of the policy, only as of the renewal date occurring on, or nearest the first *Policy Anniversary*, or as of an anniversary of such renewal date, or at the option of the company, as of the renewal date occurring on or nearest the anniversary of the policy's date of last reinstatement.

INCONTESTIBILITY AND TIME LIMIT ON CERTAIN DEFENSES

Use IDI standards but change lead-in to say "For the statements made by the insured in an application, a policy shall include".

In the *Incontestability* and *Time Limit for Certain Defenses* sections, add "or reinstatement of the policy" and fraud language permitted by the IIPRC.

Also add from GDI page 32 Certificate Incontestability provisions, Items (i), (ii) and (iv).

PARTICIPATING POLICY

Add from GDI page 33.

REINSTATEMENT

Use the IIPRC individual life standards but:

In item (5)(b), add "due to a Sickness that first manifests itself at least 10 days after the date of reinstatement", as is approved in the marketplace today.

Add that if the policy includes a ***Return of Premium*** (this is a new Optional Benefit) benefit and the company has paid such benefit, may contain a provision that states the policy terminates at such payment and may not be reinstated.

REQUIRED TOTAL DISABILITY BENEFIT

In GDI Incidental Benefit section where Catastrophic, Contagious Disease, Family Member benefits may be provided from day one, we also want to add the donation of organ or bone marrow for use as a transplant.

RIGHT TO EXAMINE POLICY

Use IIPRC individual standard. Where a policy may be returned to a company or its agent, need to add “as applicable” since not all companies use agents.

SUSPENSION OF COVERAGE WHILE IN MILITARY SERVICE

IDI standard is OK but need to change “producer” to “agent” for consistency, add “as applicable” because not all companies use agents, and change so that a company suspends coverage “*at the earlier of the date the company receives the owner’s written request, or the date military service begins.*”

§ 5: REHABILITATION PROVISIONS

Use GDI approach.

§6: OPTIONAL PROVISIONS

Start with IDI approach.

Make *Arbitration* item (1) to preserve alpha order.

Change of Occupation. Add “*Job*” and “*Specialty*”.

Add **Procedures For Review of Denial of a Claim** from GDI page 47. The companies may include this in worksite marketing products, as well as possibly IDI products.

Add a ***RETURN OF PREMIUM BENEFIT*** standard:

RETURN OF PREMIUM BENEFIT

- (1) A policy may include a Return of *Premium* Benefit. If the policy includes such a benefit, the policy shall state that the amount of the benefit will equal:

- (a) The total of all *Premiums* paid for the policy multiplied by the appropriate percentage in the Table of Return of *Premium Percentages*, as shown in the specifications page of the policy; minus
 - (b) The total of all *Disability* benefits paid under the policy.
- (2) The policy shall state that the benefit is payable on the date any of the following events occur:
- (a) Upon the owner's written request at any time;
 - (b) When the company receives proof of the insured's death;
 - (c) When the policy lapses; or
 - (d) When the policy ends.
- (3) In lieu of ending the policy and receiving the Return of *Premium* Benefit when an insured reaches the age at which the Return of *Premium Percentage* equals 100 percent, the owner may continue the policy in force until the policy's expiration date. In this case, the following conditions apply:
- (a) The company will maintain the Return of *Premium* Benefit amount on deposit and credit interest at the rate paid by the company for funds left on deposit
 - (b) The company will adjust the policy *Premium* to remove the *Premium* paid for the Return of *Premium* benefit; and
 - (c) The owner may terminate the policy at any time and collect the Return of *Premium* Benefit less the total of all *Disability* benefits paid under the policy.
- (4) If the policy has a Waiver of *Premium* Benefit, the policy shall state that any *Premium* waived under such benefit will be considered paid *Premium* when computing the amount in Paragraph (1)(a), and will be considered a benefit paid when computing the amount in Paragraph (1)(b).
- (5) The policy shall state that the policy will end on the date the company computes the Return of *Premium* Benefit. After such date, the policy may not be reinstated. If any *Disability* benefits accrue under the policy after the Return of *Premium* benefit amount has been paid, the company will only pay *Disability* benefits that exceed the amount of Return of *Premium* benefit that has been paid.

Add **Subrogation Rights** from GDI page 47.

Add a new item for Suspension of Coverage While Insured Is Unemployed:

SUSPENSION OF COVERAGE WHILE INSURED IS UNEMPLOYED

- (1) If an insured has been covered for *Disability* benefits under the policy for at least one (1) year and then becomes unemployed and receives eight (8) weeks of government unemployment

benefits, the company may allow the insured to suspend coverage under the policy upon receipt of written request from the insured for such suspension and the insured's certification that he or she is unemployed and has received eight (8) weeks government unemployment benefits. The suspension will begin on the date that the company receives the written request and certification. *Premiums* must be paid up to the date of suspension.

- (2) During any policy suspension, the company will not accept *Premiums* and benefits or options previously available under the policy, as well as any attached riders, endorsements or amendments, may not be exercised.
- (3) If any *Premiums* were paid for a period beyond the date of suspension, the company shall refund such *Premiums* on a pro-rata basis.
- (4) The suspension will end on the date any of the following events occur:
 - (a) The date the insured dies;
 - (b) The end of a period not exceeding twelve (12) months following the date of suspension; or
 - (c) The date the company receives the insured's written request to end the suspension and evidence satisfactory to the company that the insured is gainfully employed;
- (5) If suspension ends under (4)(b) above, the company will notify the insured that the policy will be back in force if the insured resumes *Premium* payments.
- (6) When the policy is again in-force, the insured will have the same rights under the policy as he or she had prior to suspension. However, the policy will not pay *Disability* benefits for *Disability* due to:
 - (a) *Injury* that occurred while the policy was suspended; or
 - (b) *Sickness* which first manifested itself while the policy was suspended.

§7 PERMISSIBLE LIMITATIONS OR EXCLUSIONS

Use GDI limitations and exclusions, integrating in alpha order the IDI Insurance With Other Companies, Other Insurance With This Company, and Relation of Earnings To Income.

WAR EXCLUSION

Connecticut recently requested changes to this exclusion and the IIPRC adopted language so that Connecticut would join the IIPRC, which it did. Need to update for the Connecticut changes.

§9: BENEFIT PROVISIONS

Use GDI approach with some additions/changes as follows:

WAIVER OF PREMIUM

Change (b)(iii) at end to say “*be paid to any designated Beneficiary or to the insured’s estate for loss of life; and*”.

DATE DISABILITY BENEFITS END

Since not all triggers shown here may apply – for example availability of retiree, unemployed or the suspension while unemployed benefits, we need to say “as applicable”.

For current GDI item (2)(c) add “unless retiree benefits are available under the policy.”

Include date the insured becomes unemployed, unless benefits while unemployed are available under the policy. If Suspension Benefit is available under the policy, the date suspension ends.

Add DATE POLICY ENDS provision which is needed since not all disability benefits ending will result in a policy ending.

A policy will end, as applicable, at the earliest of:

- (a) The expiry date shown in the policy, unless an insured renews the policy as provided in the renewal provisions of the policy;
- (b) The end of the period for which *Premium* has been paid, if *Premium* is not paid by the end of the grace period;
- (c) The date the company receives the owner’s written request to end the policy;
- (d) The date the policy ends under the Suspension of Coverage While in Military Service and the insured does not request that suspension end before the five (5) year suspension period would otherwise expire;
- (e) The date the policy ends under the Suspension of Coverage While Unemployed if the insured does not resume *Premium* payment when the suspension benefit ends; or
- (f) The date the insured dies.

§10: INCIDENTAL BENEFIT PROVISIONS

Use the GDI approach with some additions/changes as follows:

ACCIDENTAL DEATH BENEFIT

Change “*Eligible Survivor*” references to “*Beneficiary*”.

ADL DEFICIENCY OR COGNITIVE IMPAIRMENT BENEFITS FOR SPOUSE OF INSURED

In (1)(b), change to say “To have a *Cognitive Impairment* for a specified period of time, such as thirty (30) days, without interruption (the *Elimination Period*). There should only be one definition of this term in the policy.

CATASTROPHIC DISABILITY BENEFIT

Change item (1) to say “*an insured satisfies the benefit trigger(s) specified in this section.*” As per the *Preamble*, receiving *Total Disability* benefit should not be a requirement.

COBRA INSURANCE PREMIUM BENEFIT

In item (4), first sentence, change “*policyholder*” to say “*insured’s employer*”.

ELIGIBLE SURVIVOR BENEFIT

Change to call this DEATH BENEFIT and make this change in title and in item (4). Change “*Eligible Survivor*” references to “*Beneficiary*”.

RETIREMENT BENEFIT

Change title to say “Retirement *Plan* Benefits.” Policy won’t pay retirement benefits – just reimburse contributions to the plan.

REVENUE PROTECTION BENEFIT

Delete.

WORKSITE MODIFICATION BENEFIT FOR THE POLICYHOLDER

Delete.

SPECIFIC COMMENTS FOR THE APPLICATION STANDARDS

§1: ADDITIONAL SUBMISSION REQUIREMENTS

B. VARIABILITY OF INFORMATION⁴

Page 4 item (1), add new item (d) from life application standards:

- (d) Acknowledgement of receipt of disclosures or illustrations required by state or federal law.

§2: GENERAL FORM REQUIREMENTS

B. FAIRNESS

In the IIPRC Individual Life Insurance Application standards adopted in August 2014, Item (4) on page 5 was changed during the 5 Year Review of the life insurance application to add “Have you ever had” and “Any history of” as unacceptable question lead-ins.

Nonetheless, the following application sections include the word “ever had”:

Page 7 H. OTHER INSURANCE, Item (2)
Page 10 B. GENERAL BACKGROUND QUESTIONS, Items (1)(a), (b) and (c)
Pages 13-14 E. MEDICAL QUESTIONS, Item (1)(d), (f), and (g)

In comparison, the IDI standards are currently as follows:

Page 10 H. OTHER INSURANCE, Item (2) SAME AS LIFE

Page 12 B. GENERAL BACKGROUND QUESTIONS:

(1)(a) <i>Driving Record</i>	SAME AS LIFE (ever)
(1)(b) <i>Felony Misdemeanor</i>	LIFE is ever; IDI is past 10 years
(1)(c) <i>Aviation</i>	SAME AS LIFE (ever)
(1)(d) <i>Recreational Activity</i>	SAME AS LIFE (ever)

Pages 14-15 E. MEDICAL QUESTIONS [note that IDI Item (1)(k) should be (f), and Item (1)(l) should be (g)]

Item (1)(d) <i>Drug/Alcohol Use</i>	LIFE is ever; IDI is past 10 years
Item (1)(f) <i>Disorders/Diseases</i>	LIFE is ever; IDI is past 10 years
Item (1)(g) <i>Immune Deficiency</i>	Life is ever; IDI is past 10 years

The look back restrictions for the IDI application are a significant concern for the companies from an underwriting perspective. While it is understandable that a person may not remember every little health issue or injury that happened over years, *that same person will certainly remember that they had cancer 12 years ago, or that they have plates and screws in their ankles from an injury that happened 15 years ago, or that stents were placed in their arteries 15 years ago.* From an underwriting perspective for IDI, there are health issues that cause

concern, regardless of when they happened. For example, two people may be taking blood pressure and cholesterol medicine and having regular physicals, but there would be no way to know that one of those two had a heart attack 11 years prior, potentially putting that person in a different risk class than the other individual. Longtime, serious injuries can predispose someone to osteoarthritis that could affect that person's ability to work in his occupation, yet we won't be privy to this information if it happened more than 10 years ago.

We respectfully request that the IIPRC reconsider the use of "ever had" on the same basis as it allows for the Individual Life Application for the following reasons:

1. The IDI and Individual Life products are sometimes sold in combination, so the ability to be able to ask the same questions would save time for the applicant and reduce a company's application processing expenses.
2. The consideration of amount at risk for IDI is not that different from Individual Life. IDI policies can provide monthly benefits well in excess of \$10,000. At \$10,000 a month (\$120,000 annually), the exposure is much more significant, over time, than a \$120,000 life insurance policy. The amount at risk on an IDI policy can easily reach into the millions of dollars over the life of a claim.
3. If one set of questions could be asked for IDI and Individual Life insurance, this could also potentially eliminate unintentional errors made by the applicant who is applying for both products at the same time.
4. If one set of questions could be asked for IDI and individual Life insurance, this would allow for consistency in underwriting between the two product lines.
6. Requiring each application to have different look-back time frames may require an applicant to change the response for each application. Conceivably, this person could answer one question in the affirmative on the Individual Life application and in the negative on the IDI application, just based on the timing of the event. Follow-up personal interviews would also have to be adjusted, adding to complexity and inconsistency.

The IIPRC has made some 5 Year Review changes to other application standards which may also impact the IDI application standards, as follows:

§3. APPLICATION SECTIONS

Page 10, Item L(1)

Add item (e) from Life Application page 9:

- “(e) That the applicant authorizes the company to obtain personal information on the applicant from a third-party information provider, such as the MIB, Inc., provided the authorization includes a description of the type of information to be obtained and the type of information provider from which the information will be obtained. With respect to time limits in an authorization, the statement agreed to by the proposed insured shall state that

the time limit complies with the time limit, if any, permitted by applicable law in the state where the policy is delivered or issued for delivery.”

§3. APPLICATION SECTIONS

Page 10, Item L

Add Items (4) and (5) from Individual Life Application pages 9-10:

- “(4) The application may include an acknowledgment by each proposed owner that federal law requires sufficient information to identify the parties to the purchase of a policy, and that failure to provide such information could result in the policy not being issued, being delayed, unprocessed transaction requests or policy termination.
- (5) The application may include an acknowledgment by each proposed owner of the Right to Examine Policy provision of the policy.”

§3. APPLICATION SECTIONS

F. MEDICAL Questions

On pages 15 -17 of the IDI application standards, there is an alpha error: items (j), (k), (l), (m), (n) and (o) should be changed to say items (e), (f), (g), (h), (i) and (j), respectively.

SPECIFIC COMMENTS FOR THE RATE STANDARDS

Standards for Rate Revisions

On page 5, there is a reference to “Appendix A”, but the Appendix on page 7 says “A-1”.

Submitted by the Industry Advisory Committee:

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