

**1. Agenda Item 2. Review and consider Public Comments on additional revisions to §3 TERMS AND CONCEPTS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.**

Members of the PSC discussed the Public Comments received and made the following determinations for items in §3 TERMS AND CONCEPTS:

- A. **Preamble to §3** The PSC reiterated its observations that unlike the Group Term Life Terms and Concepts, this draft contained some terms and concepts that impacted eligibility and benefits. As such, they believe it is important that the preamble states that each term and definition, although not required to contain the exact language, must be consistent with the standard. Once the Group Disability Income Uniform Standards are finalized, the PSC noted that they will review whether a conforming amendment is warranted for the Group Term Life uniform Standards.
- B. **“Actively at Work or Active Work”** The PSC did not agree with the Industry comment to revert to the original draft language of “on a Full-Time basis” and use variability to cover Part Time employees. They agreed to the Industry comment that there is a difference between “eligibility for the coverage” and “eligibility for a benefit.” They also agreed in part with the recommendations for referencing temporary business closure, questioning why it was limited to only situations where the policyholder has notified *Covered Persons* of such temporary closure. The PSC agreed to the following revision to the definition:

**“Actively at Work or Active Work”** means that a *Covered Person* is performing all of the *Substantial and material duties* of the *Covered Person’s Job, Occupation or Specialty*, as applicable, ~~on a Full-Time basis~~ for at least the number of hours required for benefit coverage eligibility. This may be done at the policyholder’s place of business, an alternate place approved by the policyholder, or a place to which the policyholder’s business requires the *Covered Person* to travel. ~~The concept may state that a △ Covered Person will be deemed to be Actively At Work on weekends or policyholder approved vacations, holidays or temporary business closures if the Covered Person was Actively at Work on the last scheduled work day preceding such time off. As used in this definition/concept, ‘temporary business closure’ shall include temporary closure required for reasons such as inclement weather, power outage, public health agency orders.~~

- C. **“Covered Person”** The PSC agreed to the second option with the recommended changes proposed by Industry. They also wanted to add the sentence currently listed in the first option making it clear that certain entities without a direct working relationship with the policyholder are not *Covered Persons*.

**“Covered Person”** means each person insured under the group policy as defined by the policyholder. Covered Person shall be all of the employees of the employer, or all of any class or classes thereof. The policy may define “employees” to include:

- a) the employees of one or more subsidiary corporations;
- b) the employees, individual proprietors and partners of one or more affiliated corporations, proprietorships or partnerships if the business of the employer and of the affiliated corporations, proprietorships or partnerships is under common control;

- c) the retired ~~e~~Employees, or former ~~e~~Employees and directors of a corporate policyholder/employer; and
- d) the directors of a corporate policyholder/employer; and
- e) for a policy issued to insure the employees of a public body, elected or appointed officials.

Covered Person does not include third party administrators, associations, discretionary trusts and other groups where there is not a direct working relationship with the policyholder.

- D. “*Elimination Period*” The PSC discussed the Industry comments. Some members expressed the view that this is between the employer and employee. Others noted that some employers allow for cash payment for unused vacation time and requiring vacation time be exhausted prior to being eligible for disability payments did not seem fair since vacation time is unrelated to a health related benefit. It was suggested that an option that a Covered Person not be able to collect both may be better than specifically requiring vacation time use in lieu of disability benefits. The PSC did not make any change to the recommended changes at this time.
- E. “*Disability*” or “*Disabled*”; “*Partial Disability*” or “*Residual Disability*” and “*Total Disability*” The Chair explained that discussion will be deferred to allow further revisions from industry. The initial review of submitted revisions yielded further questions and industry asked to have time to provide further clarification.

### **Agenda Item 3. Review and consider Public Comments on §4 REQUIRED PROVISIONS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.**

#### **A. CLAIM PROVISIONS**

**Preamble.** After reviewing the Industry recommendation to change the preamble to be consistent with the language in E. ELIGIBILITY PROVISIONS, the PSC decided to make no change. It was noted that the certificate shall always describe the Claims provisions, and the suggested revision would not achieve that goal.

**To Whom Payable.** The PSC agreed to the change industry proposed with the addition of language clarifying that upon receipt of evidence of satisfaction of legal impediments, the company must pay the claim within thirty days or interest is owed.

**Filing a Claim.** The PSC agreed to the change industry proposed to add the word insurance before the word company and to change claimant to *Covered Person*.

**Proof of Loss.** The PSC agreed to the revisions suggested by the Industry.

- (a) A provision that Proof of Loss must be given within 90 days after the end of a Covered Person’s Elimination Period unless it can be shown that it was not reasonably possible to provide such proof within such time frame and Proof of Loss is given as soon as reasonably possible. ~~In any event, Proof of Loss must be given no later than one year from the time specified unless the Covered Person was legally incapacitated. The~~

~~certificate may state that if *Proof of Loss* is first received by the insurance company more than a specified number of days, such as 180, after the end of the *Elimination Period*, the *Covered Person's Disability* benefit as specified in the certificate may be reduced by a specified percentage, such as 30%. A provision that failure to furnish proof of loss within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity of the insured *Covered Person*, later than one year from the time proof is otherwise required. If a claim reduction is applicable, such reduction shall be specified in the certificate and shall not exceed 30% of the benefit amount otherwise payable.~~

~~(e**b**) A provision that c~~Continuing *Proof of Loss* must be given as often as the insurance company may reasonably require. ~~The provision may state that c~~Continuing *Proof of Loss* must be given within a time period not less than 60 days ~~of from~~ the insurance company's request. ~~The insurance company shall not reduce any continuing claim for failure to furnish proof of loss within the time period required; however, benefit payments may be delayed until the required proof is received by the insurance company.~~

The Chair stated that the PSC will schedule a member only call in two weeks to finalize review of Section 4 and review the new definitions to be submitted by the Industry for “*Disability*” or “*Disabled*”; “*Partial Disability*” or “*Residual Disability*” and “*Total Disability*.” The Group Disability Income Subgroup will meet on February 3, 2015 to continue its review of the remaining provisions of the draft uniform standards.