

Agenda Item 2. Review and consider Public Comments on additional revisions to §3 TERMS AND CONCEPTS for “Disability” or “Disabled,” “Partial Disability” or “Residual Disability” and “Total Disability” in the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.

The PSC reviewed and discussed the recommended changes to these definitions to address the various combinations of potential benefit triggers and whether *Total Disability* is the only Disability benefit payable or combined with *Partial Disability* or *Residual Disability* or other benefit triggers. The PSC agreed to the revisions suggested by the Industry with the exception of the addition of (k) under the definition of *Disability*. Although similar language exists in some Uniform Standards, IIPRC staff applies the standard conservatively and would consult with the PSC if a filing was submitted that went beyond the identified triggers.

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

- **CLAIM PROVISIONS (7) Unpaid Premium.** The PSC noted the Industry’s comment and made no change to the provision.
- **ELIGIBILITY PROVISIONS.** The PSC concluded that if a provision is included that states that coverage does not take effect until the Covered Person resumes Active Work, it is an important consumer protection to require that if the day insurance would take effect is not a regularly scheduled work day, insurance will take effect if the Covered Person is able to do his or her *Regular Job* on that day. The PSC added language to address the potential conflicting language and will consider whether conforming changes should be made to the Group Term Life Uniform Standards.

If the *Covered Person* is not *Actively at Work* on the date insurance would otherwise take effect, insurance will take effect on the day he resumes *Active Work*. If so stated, the provision may shall also state that if the day insurance would normally take effect is not a regular scheduled work day for the *Covered Person*, insurance will take effect on that day if the *Covered Person* is able to do his or her *Regular Job* on that day;

- **INCONTESTABILITY.** The PSC agreed with the Industry’s recommended revisions.
 - (i) The insurance company shall not use such statements to avoid insurance, reduce benefits or defend a claim unless it is included in a written statement of insurability which has been signed by the *Covered Person* and a copy of such statement of insurability has been given to the *Covered Person* or to the *Covered Person’s Beneficiary Eligible Survivor or personal representative, as applicable*;

- **TERMINATION OF INSURANCE UNDER THE POLICY.** The PSC agreed to reinstate the language requiring the same 31 day time period for the policyholder to provide notice of intent to terminate coverage to allow processing time for the insurance company and to allow time for the policyholder to notify *Covered Persons*. With respect to (1)(c), the PSC notes that although similar language exists in some Uniform Standards, IIPRC staff applies the standard conservatively and would consult with the PSC if a filing was submitted that went beyond the identified reasons for termination. The PSC decided to retain the 30 day time period in (4) to assure timely return of unearned premiums. The PSC added language requiring interest for delayed return of premium to make it clear that delayed return of premium does not reinstate coverage.

(1) The policy shall include a provision stating how and when insurance may end under the policy.

(a) The provision may state that the policyholder may end the policy by giving a specified period of at least 31 days of advance written notice to the insurance company. In this case, the policy shall end on the later of:

- (i) The date stated in the written notice; or
- (ii) The date the insurance company receives the notice;

(b) The provision may state that the insurance company may end the policy for specified reasons, including:

(i) On the date *Premium* is not paid when due, subject to the grace period provisions of the policy;

(ii) On any *Premium* due date, by giving the policyholder a ~~specified period~~ ~~(such as~~ no less than 31 days) ~~of~~ advance written notice if less than:

(A) A specified percentage (such as 75%) of persons eligible under the policy are insured for *Contributory* insurance;

(B) 100% of persons eligible under the policy are insured for *Noncontributory* insurance; or

(C) A specified number of *Covered Persons* (such as 100) are insured under the policy;

- (iii) Upon a determination that there is a significant change in the group size, or the occupations or ages of the eligible *Covered Persons* as a result of a corporate transaction such as a merger, divestiture, acquisition, sale or reorganization of the policyholder and/or its *Employees*;
- (iv) On any *Premium* due date, by giving the policyholder a specified period (such as 31 days) of advance written notice if the policyholder fails to provide information on a timely basis or perform any obligations required by this policy and applicable law; and
- (v) On any *Policy Anniversary*, except during any rate guarantee period, by giving the policyholder a specified period (such as 31 days) of advance written notice; and

~~(e) The form may include any other specified reasons approved by the Interstate Insurance Product Regulation Commission.~~

- (2) The provision shall state that if the policy ends, written notice of this shall be given to all *Covered Persons* as soon as reasonably possible. This provision shall specify whether the insurance company or policyholder is responsible for giving notice.
- (3) The provision shall state that if the policy ends, all *Premiums* due shall be paid.
- (4) The provision shall state that if the insurance company accepts *Premium* after the date the policy ends, such acceptance shall not act to reinstate the policy. The insurance company shall refund any unearned *Premium* as soon as reasonably possible, but in no event later than 30 days following receipt of the unearned *Premium*. Delayed refund of any unearned *Premium* shall be subject to simple interest at the rate of 10% per year beginning with the 31st day after receipt of the unearned *Premium* and ending on the day the premium refund is issued.

Agenda Item 4. Review Group Disability Income Subgroup recommendations for § 5. REHABILITATION PROVISIONS.

The PSC heard a summary of the Subgroup's recommended changes to § 5. REHABILITATION PROVISIONS. The PSC questioned whether the language made it clear that (d) would not apply if the covered person was required to pay for the plan and added clarifying language.

The certificate shall state that nonparticipation in a rehabilitation plan shall not affect the insurance company's determination of whether a *Covered Person* is *Disabled*. However, unless the insurance company requires the covered person to pay any expenses associated with a rehabilitation as described in (b) above, an insurance company may include a

provision indicating that failure to participate in a rehabilitation plan, without good cause (where “good cause” means a medical reason documented by the Covered Person’s treating physician preventing implementation of the rehabilitation plan), may result in the reduction or cessation of the *Covered Person’s* right to Disability benefits, in a manner specified in the certificate

The PSC agreed to expose §5 for Public comments.

Agenda Item 5. Review Group Disability Income Subgroup recommendations for § 6. OPTIONAL PROVISIONS.

The PSC heard a summary of the Subgroup’s recommended changes to § 6. OPTIONAL PROVISIONS. Under the Authority provision, after discussion that the intent of the revision is to make it clear that a company’s determinations are subject to review by the courts, who have final authority, the PSC recommended further revisions to clarify that the initial determination made by the company is for eligibility, benefits and the terms of the policy and certificate.

The policy and certificate may state that the policyholder has delegated to the insurance company and agrees that the insurance company ~~has discretionary authority~~ reserves the right to make an initial determine determination regarding eligibility for participation or benefits and ~~to interpret the~~ terms of the policy and certificate.

The PSC agreed to expose §6 for Public comments.

Agenda Item 6. Discuss 2015 Goals and Work plan

PSC members were encouraged to review the written work plan for the PSC and contact IIPRC staff with any comments or questions.

Agenda Item 7. Any Other Matters

The Chair reminded members that there would be a Public call of the PSC on Tuesday February 24, 2015 at 1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT to receive Public Comments on additional revisions to “Disability,” “Partial Disability” or “Residual Disability,” and “Total Disability” in §3 TERMS AND CONCEPTS, and to receive Public Comments on §5. REHABILITATION PROVISIONS and § 6. OPTIONAL PROVISIONS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.