

Agenda Item 2. Finalize discussion of STANDARDS FOR GROUP DISABILITY INCOME INSURANCE INITIAL RATE FILINGS.

The Product Standards Committee (PSC) reviewed staff revisions based on feedback on the June 30th member call and further discussed suggested revisions to the STANDARDS FOR GROUP DISABILITY INCOME INSURANCE INITIAL RATE FILINGS.

- a) The PSC agreed that for consistency with other Group Disability Income Insurance Uniform Standards, they would add language following the Scope specifying that terms not defined in these standards have the meanings specified in the Group Disability Income Insurance Policy and Certificate Uniform Standards.
- b) Definitions: The PSC agreed to add the following definitions, taken from Model 134 *Guidelines for Filing Rates for Individual Health Insurance Forms* to §3 Terms and Concepts in the Group Disability Income Insurance Policy and Certificate Uniform Standards: “*Noncancellable*” means that the renewal cannot be declined, nor can rates be revised by the insurance company. “*Optionally renewable*” means that the renewal is at the option of the insurance company.
- c) Rate Determination: The PSC agreed to reformat B.(1)(e)(vii) and add premium taxes as a separate item, distinct from other expenses.
- d) Minimum Loss Ratio: In B.1(f), the PSC agreed to add language requiring submission of supporting documentation for the determination of the Minimum Loss Ratio. The PSC discussed the guidelines for the initial MLR in B.1(f)(i) as well as some member comments to eliminate adjustments to the Initial MLR as outlined in B.1(f)(ii) and ultimately agreed that the initial MLR for *Optionally Renewable* should be 60%, since the company should be held to a higher standard when it has the option of whether to renew the coverage or not.
- e) Limitation on Adjustments to Initial MLR: The PSC agreed that for consistency with the Individual Disability Insurance Income Standards, and in accordance with the practices of the members who review these rates, adjustment to the initial MLR shall be no more than 5%.
- f) Durational loss ratio table: Following further discussion of the proposal by Industry to change the demonstration of the projected year-by-year premium and claims experience used in determining the ALR applicable to the policy form, together with each year’s anticipated loss ratio based on that experience from a period of at least 20 years to 3 years, the PSC agreed to the 3 year period for all policies except for issue age rated policies. For issue age rated policies, the Committee agreed to keep the period at 20 years.

Agenda Item 3. Discuss draft STANDARDS FOR FILING REVISIONS TO RATE FILING SCHEDULES IN GROUP DISABILITY INCOME INSURANCE POLICIES.

The PSC members reviewed the draft STANDARDS FOR FILING REVISIONS TO RATE FILING SCHEDULES IN GROUP DISABILITY INCOME INSURANCE POLICIES. They agreed to add the applicable revisions that were made to the STANDARDS FOR GROUP DISABILITY INCOME INSURANCE INITIAL RATE FILINGS. The Committee also agreed that the Actuarial Memorandum should include the renewability provision information as listed in the standards for initial rates.

For the Anticipated Future Loss Ratio and Lifetime Anticipated Loss Ratio information, the Committee agreed to a member suggestion that to avoid extreme differences, a provision should be added that the interest used in calculating the loss ratio, accumulated claims and premium should be the same as that used in the initial rate filing.

Under B.(1)(m), a member asked why the drafting note that is included in the Individual DI uniform standards was deleted. Staff responded that the PSC can ask that question for the Public call.

Agenda Item 4. Discuss the draft revisions to the GROUP POLICYHOLDER APPLICATION UNIFORM STANDARDS FOR GROUP TERM LIFE INSURANCE to include Group Disability Income Insurance

IIPRC staff provided an overview of revisions made to the GROUP POLICYHOLDER APPLICATION UNIFORM STANDARDS FOR GROUP TERM LIFE INSURANCE in order to be used as Uniform Standards for any group policyholder application for group products that are available to be filed with the IIPRC. It was noted that these Uniform Standards are generic because they are for the policyholder, not the certificate holder, and that there are no underwriting questions.

David Bolton, Oregon asked if the policyholder applications would be subject to review and if an insurance company could add provisions in the application that are not permitted, such as mandatory, binding arbitration. IIPRC staff responded that the Uniform Standards establish the basis for the review and approval of the application and noted that the Core Group Disability Income Uniform Standards, like IIPRC uniform standards for all other products, prohibit mandatory, binding arbitration, so no such provision would be allowed in a policyholder application. The Committee discussed the revisions suggested by IIPRC staff and agreed to the recommendations.

Agenda Item 5. Any other matters.

The Chair noted that the PSC completed all the work needed to be finalized prior to the July 21, 2015 Public call, so it would not meet again until that date.