

Agenda Item 2. Receive update from the Chair of the Product Standards Committee regarding the status of drafting of Group Disability Income Uniform Standards.

Jason Lapham, Kansas, Chair of the Product Standards Committee (PSC), provided an update on the drafting of Group Disability Income Uniform Standards. The Committee meets weekly with the focus of the calls on developing the complete set of Uniform Standards for Group Disability Income Insurance products. This is the sixth Public Call in 2015 with the purpose being to receive feedback on the revisions to five additional sets of standards covering Enrollment Forms and Statement of Insurability Forms as well as changes to those forms, initial rate filings and rate revisions and also uniform standards for Group Policyholder Applications. The goal of the Committee is to have a recommendation for the complete suite of Group Disability Income Insurance Uniform Standards for the Management Committee's August 14th meeting.

Agenda Item 3. Receive Public Comments on the draft Uniform Standards for Group Disability Income Insurance Enrollment Forms and Statement of Insurability Forms.

The Chair noted that prior to the call, the IIPRC office distributed the redline draft of this Group Disability Income Uniform Standard. The only written comments submitted were submitted by the Industry Advisory Committee (IAC) and received by the office too late for distribution in advance of the call. The Chair noted that the comments would be distributed following the call and posted to the IIPRC website's Events Calendar. Miriam Krol, ACLI, representing the IAC commented on deleting the phrase "including any requirements for prior approval of a change or modification" in § 3 Additional Submission Requirements, Item A. (5). She noted that the phrase is included in the Group Term Life Insurance Uniform Standards and is meant to make it clear that a company will administer the variability as filed, including an understanding that changes beyond what had been reserved for variability would require prior approval.

Under §5. Statement of Insurability Sections, Item C. Section to Be Completed By Each Proposed Insured Applying for Coverage Subject to a Statement of Insurability, Ms. Krol stated that Industry would prefer that the provisions be returned to how they were initially drafted and that the look back period not be changed to a 10 year period. The IAC did not select a specific look back period in order to avoid selecting an arbitrary number. Because group disability income products are not medically underwritten, evidence of insurability is only required in certain situations, such as increasing coverages, and therefore the IAC believes insurers should be permitted to ask questions to obtain information beyond an arbitrary look back period.

There were no further oral comments from any parties on this topic.

Agenda Item 4. Public Comments on the draft Uniform Standards for Group Disability Income Insurance Statement of Insurability Change Form.

There were no written comments received on this agenda item and no oral comments from any parties on this topic.

Agenda Item 5. Receive Public Comments on the draft Standards for Group Disability Income Insurance Initial Rate Filings.

The Chair noted that the IAC's written comments included comments on this proposed draft. Ms. Krol stated that under the proposed definition of noncancellable, Florida law specifies a group can be non-renewed for fraud, misrepresentation or failure to pay premium and the IAC requests consideration of this addition to the definition.

Under §2. Additional Submission Requirements, Item B. (1)(e)(vii) Ms. Krol asked for the reason that premium taxes were broken out from other expenses. Mr. Lapham stated that he believed the request was made in order to provide more detailed documentation of the expenses, but that staff would check with the regulator who made this request.

Under Item B. (1)(f)(i), Ms. Krol noted that the IAC objected to the change of the initial Minimum Loss Ratio (MLR) from 55% to 60%. She said that an Optionally Renewable voluntary product will have enrollment expenses which are much higher than an employer-paid Conditionally Renewable product, and arguably should have a lower loss ratio standard. The PSC may wish to consider allowing an adjustment for employer-paid coverage rather than voluntary coverage. She noted that two states allow an MLR of 55% and 36 states allow 50%. As such, the Industry believes 55% is reasonable.

In reference to the change from the proposed 10% to 5% as the limitation on adjustments to the Initial MLR, Ms. Krol stated that Industry is still reviewing this item, but that they know that Florida allows 10%.

For the durational loss ratio, Ms. Krol observed that the PSC is proposing 3 years for non-issue age rated and 20 years for issue age rated products. She stated that Industry believes that for issue age rated Short Term Disability products, if the product is Optionally Renewable or Conditionally Renewable, the durational loss ratio period should be 3 years, since the duration of the plan is the rate guarantee period plus the maximum benefit period, and this is usually 3 years. There does not appear to be a reason to project the experience beyond this point.

There were no further oral comments from other parties on this draft Uniform Standard.

Agenda Item 6. Receive Public Comments on the Draft Standards for Filing Revisions to Rate Filing Schedules in Group Disability Income Insurance Policies.

The Chair noted that the IAC's written comments included comments on this proposed draft. Ms. Krol stated that some of the Industry's comments on the Uniform Standards for Initial Rate Filings would also apply to rate revisions. She said that Industry is still researching the proposal by the PSC to add a provision that the interest used in calculating the loss ratio, as well as the accumulated claims and premium should be the same as that used in the initial rate filing. In response to the PSC's question about why the drafting note for assumptions applying to the "future period for which the revised premiums are computed to provide coverage" was deleted from B.(1)(m), Ms. Krol stated that the drafting note was a part of the Individual Disability Income Uniform Standards for Rate Revisions, but was not applicable to Group Disability Income products.

There were no further oral comments from other parties on this draft Uniform Standard.

Agenda Item 7. Receive Public Comments on the draft revisions to the Group Policyholder Application Uniform Standards for Group Term Life Insurance to include Group Disability Income Insurance.

Mr. Lapham noted that for group products, the standards for the policyholder application are rather generic. There are no underwriting questions and the information that is provided is not product specific.

Rather than create a new standard for the policyholder application for each group product as we develop new group standards, the PSC agreed that it would be more efficient to update the standards we already

have for Group Policyholder Applications for Group Term Life Insurance to apply to any group policyholder application for products that are available to be filed with the IIPRC. There were no written comments received on this agenda item.

Sue Ezalarab of Wisconsin asked what TOI would be used in SERFF for these applications. Karen Schutter, IIPRC responded that the TOI would depend on the type of application; however for combination products, the IIPRC has historically required the submission for individual products to be listed under Long Term Care or Disability Income if the combination included one of these two product types. She stated that IIPRC staff would discuss this matter in more detail.

There were no other oral comments on this item.

Agenda Item 8. Any Other Matters

The Chair requested that anyone who had additional feedback submit written comments to comments@insurancecompact.org by no later than Thursday July 23, 2015. All written comments will be posted to the Events Calendar for this call on the IIPRC website. The PSC will review the comments and consider if any revisions should be made to the relevant provisions in these Uniform Standards.