

Agenda Item 2. Receive public comments on the PSC recommendations to the Management Committee regarding comments received on the proposed Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups and the Uniform Standards for Group Disability Income Insurance Initial Rate Filings and Revisions to Rate Filing Schedules.

Mary Mealer, Missouri, Chair of the Product Standards Committee (PSC) noted that on January 14th, the IIPRC Office issued notice of this Public Call and included in the notice a chart summarizing the comments received by the Management Committee as well as the Product Standard Committee's recommendations regarding each comment. Of the Eight Uniform Standards for Group Disability Income Insurance products that were proposed, the Management Committee only received comments on the Policy and Certificate standards and the rate filing standards, so the PSC recommendations are limited to those particular Uniform Standards. Ms. Mealer stated that following the Joint Meeting of the Management Committee and Commission on November 18, 2015, the Product Standards Committee held three meetings where they considered the comments. The chart reflects the Committee's responses to the comments and any recommended changes. Several of the comments addressed issues that had previously been fully vetted by the Committee and the submitted comments did not contain any new information that changed the PSC's initial recommendations. For each of these items, the chart summarizes the prior history and explains why no change is recommended.

Ms. Mealer asked if anyone wished to comment on the recommendations developed by the PSC for the Group Disability Income Insurance Policy and Certificate Uniform Standards. Fred Nepple, Consumer Advisory Committee (CAC) summarized the CAC's written comments opposing the inclusion of language allowing offsets for amounts received from third party settlements or judgments. He said if the PSC would not eliminate this option that they should consider the language the CAC submitted regarding how to calculate the amount that can be offset if a settlement or judgment does not specify the amount that is attributed to lost wages. Ms. Mealer noted that the language proposed by the PSC was a compromise since almost all states allow third party offset, and the PSC wanted to make it clear that only the amount of settlement that is related to lost income may be offset.

Miriam Krol, speaking on behalf of the Industry Advisory Committee (IAC) stated that the IAC agreed with the PSC's recommendation not to make changes to the limitations and exclusions related to mental health and substance abuse, but urged that the Management Committee not override this recommendation. She stated that this could potentially open up these limitations or exclusions to allow other compacting states to impose their variations and would therefore be contrary to uniform national standards. She stated that for disability as a result of intoxicants and narcotics, insurance companies and employers should have the ability to choose whether to cover such risky or possibly illegal behaviors. Phil Keller, Vermont noted that Social Security Disability benefits do provide for such coverage.

Susan Fendell, Mental Health Legal Advisors Committee of the Commonwealth of Massachusetts, spoke in favor of removing any exclusion or limitation for disability as a result of psychiatric disabilities and stated that there is no actuarial evidence that providing such coverage

would result in increases in rates that could not be offset by a broadened risk pool or other management techniques.

With no further comments on the Group Disability Income Insurance Policy and Certificate Uniform Standards, Ms. Mealer asked if there were comments on the Uniform Standards for Group Disability Income Insurance Initial Rate Filings and Revisions to Rate Filing Schedules. Ms. Krol stated that she had nothing further to add to the written comments the IAC submitted.

Tomasz Serbinowski, Utah proposed three revisions to the rate standards. Under the Actuarial Memorandum Requirements Section 1A(2), he suggested allowing variation in premiums for expenses so that such allowances as spousal or multiple-policy discounts based on administrative savings could be considered. For Section 2B(1)(g) of the Initial Rate Standards, he suggested rephrasing the sentence to clarify that the Minimum Loss Ratio is applicable to the form. For the Drafting Note under Section 2B(3)(b) in both the initial rate filing standards and the revisions to rate filing schedules, Mr. Serbinowski suggested that the PSC consider some allowance for the investment returns attributable to the block of business. Ms. Mealer requested that Utah provide a written copy of their comments for the PSC's consideration.

There were no further comments on the rate uniform standards.

Agenda Item 3. Receive public comments on the request by the Association for Cooperative Operations Research and Development (ACORD) to development uniform standards for replacement notices for life and annuity products.

Ms. Mealer noted that the Management Committee referred ACORD's request to the Product Standards Committee for consideration. She asked if a representative of ACORD wished to comment on the request. Pam Simonds, Chair of the ACORD Life and Annuity Forms Working Group stated that it has come to their attention that ACLI, IRI and other industry representatives have some questions about this request and as a result, ACORD was not asking that the PSC take action at this time. Industry representatives will have further conversations and update the PSC at a later date. In response to questions about the purpose of the request and whether the NAIC Replacement Model was sufficient, Ms. Simonds responded that while some states follow the Model, there are sometimes additional requirements and that such additional requirements as well as the variations from the states that have not adopted the Model can create challenges for insurance companies. In response to the question of whether replacement notice approval was within the scope of the IIPRC, Karen Schutter, Executive Director of the IIPRC noted that the Long Term Care Uniform Standards include standards for forms that accompany the application, including replacement notices.

Agenda Item 4. Any other matters.

The Chair noted that the Product Standards Committee would consider the comments received regarding the Group Disability Income Uniform Standards and provide final recommendations to the Management Committee for the joint meeting of the Management Committee and Commission scheduled for February 24th.
