

Agenda Item 2. Receive Public Comments on the Product Standard Committee Work To Date on the Draft of the IIPRC Office Report and Recommendations for the Uniform Standards Currently Subject to Five-Year Review (Phase 8 – Individual Disability Income Insurance). The Chair stated that, prior to the call, the Insurance Compact received written comments from Foresters Financial and the Industry Advisory Committee (IAC). There was no representative from Foresters Financial on the call to summarize those comments. Miriam Krol, representing ACLI indicated that their companies reviewed those comments and were not certain that they understood the expressed concerns.

Ms. Krol then provided an overview of the written comments submitted by the IAC. She noted that in the Mix and Match section that companies may issue policies rather than riders in combination with state-approved individual life insurance policies and annuity contracts, so they suggested not restricting the new language to riders.

In reference to Substantive Change Item #2, she stated that one company issuing policies with a three-month minimum benefit period option indicated that this duration accounted for 45% of all issued policies and appeared to be favored by those in middle income levels who may not be able to afford richer benefits. The companies also noted that many group plans have a 90-day elimination period, so this benefit period fulfills a known gap in coverage. In addition, those planning to start families may prefer a shorter duration benefit to cover some or all of the pregnancy disability period.

The Consumer Advisory Committee (CAC) representatives spoke against such a decrease in benefit period without having a full discussion through the NAIC and consideration of changes to NAIC Model #171. They indicated a need for disclosure at the time of sale, and information on commission rates paid for limited duration benefit policies, loss ratio information and consumer complaint information. A representative from Colorado asked if the information regarding the experience of one company meant only one company offered the product, and was advised by the companies that several companies offer this benefit period and it is approved in 45 states.

In reference to Substantive Change Item #5, Ms. Krol noted that it was not clear whether the proposed revisions to the definitions of Partial and Residual Disability included the suggested revisions proposed by the IAC for other terms such as Substantial and Material Duties, Regular Job, and Regular Occupation.

For the definition of Preexisting Condition, Substantive Change Item #6, the IAC recommended changing the language to say “or for which medical advice, consultation, diagnostic testing or treatment was recommended by a Physician or received from a Physician, or for which the insured took or was prescribed drugs or medications,” because the term treatment may be interpreted as recent treatment by a doctor, when the person may be taking medication for a condition but not undergoing specific treatment.

The IAC was asked to clarify their comments under Substantive Change Item #8 for Reinstatement. Ms. Krol stated that the IAC had originally suggested using the Life Uniform

Standards provision for reinstatement which specifically states that evidence of insurability may be required, so they were asking if the proposed language would allow evidence of insurability.

For Substantive Change Item #13, the IAC indicated they would like clarification regarding the return of premium provision and whether it is a permanent premium reduction or claim specific. They also suggested that other valid coverage include group health or disability insurance.

The Chair asked if there were any other comments from PSC members or interested parties. Pennsylvania asked about Substantive Change Item #11 for a Disabled Insured Residing Outside the United States, noting that the filings he reviewed indicated limiting coverage, not excluding. The companies agreed that the proposed provision did not need to reference exclusions, just limitation or suspension.

There were no other comments or questions.

Agenda Item 3. Any Other Matters. The Chair noted that the PSC will consider all the comments received as they continue this review and will have further public calls as needed.