

**Explanatory Statement Regarding Approval by the Management Committee
Standards for Various Benefit Features**

This explanatory statement is being issued in accordance with Section 109 of the Commission's Rule for Adoption, Amendment and Repeal of Rules for the Interstate Product Regulation Commission.

On February 26, 2006, following a public participation period which included legislative notice, notice and comment from interested parties and its Consumer and Industry Advisory Committees, a public hearing and further discussion also attended by representatives of the Legislative Committee, the Management Committee of the Interstate Insurance Product Regulation Commission ("IIPRC") approved, as amended, uniform standards for benefit features that can be incorporated into policy forms or added to policy forms by rider, endorsement or amendment ("Uniform Standards"). The specific Uniform Standards are:

1. Standards for All Benefit Features Added by Rider, Endorsement or Amendment to an Individual Life Policy;
2. Standards for Accelerated Death Benefits;
3. Standards for Accidental Death Benefits;
4. Standards for Accidental Death and Dismemberment Benefits;
5. Standards for Waiver of Premium Benefit;
6. Standards for Waiver of Monthly Deductions Benefit; and
7. Standards for Waiver of Premium Benefit for Child Insurance in the Event of Payor's Total Disability or Death.

Reasons for Adopting the Proposed Rules

The Management Committee approved the Uniform Standards because among the IIPRC's primary purposes and powers is to establish reasonable uniform standards for insurance products covered under the Interstate Insurance Product Regulation Compact ("Compact"), specifically pursuant to Article I §2, Article IV § 2 and Article VII § 1 of the Compact, as enacted into law by each IIPRC member state. The Management Committee believes that these Uniform Standards establish reasonable uniform standards in accordance with the requirements of the Compact.

Indication of Changes between Proposed Rules and Approved Rules

Changes between the texts of the Uniform Standards as approved by the Management Committee and the text of the proposed uniform standards contained in the notice of proposed rule published on December 22, 2006, are reflected in the attached versions of the Uniform Standards, which are incorporated herein by reference. The specific reason for each change is noted in brackets within the document.

Summary of Reasons for Decisions on Substantial Comments

With respect to substantial comments made by interested parties, the Management Committee agreed or disagreed with the comments as follows:

1. Technical Amendments (Industry Advisory Committee): The Management Committee agreed with all suggestions to make editorial and other non-substantive revisions to the standards as shown in the attached versions. The reason for this action was to provide consistent naming, terminology, style and structure within this set of standards and in comparison with other adopted uniform standards, where possible.
2. Scope (Industry Advisory Committee): The Management Committee agreed with suggestions to expressly state that benefit features may be built into policy forms. The reason for this action is to provide additional flexibility and confirm that benefit features can be incorporated in policy forms as well as added by rider, endorsement or amendment.
3. Incontestability (Industry Advisory Committee): The Management Committee agreed with suggestions to recognize an exception to the incontestability provision for fraud in the procurement of the benefit feature. The reason for this action was to be consistent with the fraud exception approved in the context of certain policy standards adopted by the IIPRC in December 2006.
4. Accelerated Death Benefits, Appendix A (Industry Advisory Committee): The Management Committee agreed to substitute the term "anticipated experience factors" in place of the term "best estimate assumptions." The reason for this action was to be consistent with the Actuarial Standards Board's reported decision to make this change in all American Academy of Actuaries' documents on reserves and risk-based capital.

STANDARDS FOR ALL BENEFIT FEATURES

Scope: These standards apply to benefit features that are built into individual life insurance policy forms or added to a policy by rider, endorsement or amendment to an individual life policy. These standards do not apply to long term care insurance benefits added to a life insurance policy.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

Note: Long term care benefits provided by rider are excluded because they are subject to the same requirements as long term care coverage.

As used in these standards, the term "form" shall include a rider, endorsement or amendment that is a separate form that is made a part of the policy.

The following sections are intended to be standards applicable to all forms and they are in addition to the specific product standards applicable to the benefit features.

ADDITIONAL SUBMISSION REQUIREMENTS

The following filing submission requirements shall apply:

- (1) All forms filed for approval should be included with the filing. Changes to a previously approved form shall be highlighted. Specifications pages shall be provided for all uses of the form. These shall be completed with hypothetical data that is realistic and consistent with the other contents of the form or the policy and any required actuarial memorandum in support of nonforfeiture values.
(2) If a filing is being submitted on behalf of a company, a letter or other document authorizing the firm to file on behalf of the company should be included with the filing.
(3) If the filing contains an insert page, an explanation of when the insert page will be used should be included in the filing.
(4) If the specification page of a form or policy contains variable items, the submission shall include the Statement of Variability. The submission shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.

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[This revision is made for consistency with other proposed uniform standards and to avoid causing the filer to look outside of the relevant uniform standards for guidance about the Statement of Variability.]

- (5) Include a certification signed by a company officer that the form has a minimum Flesch Score of 50. See Appendix A for the Flesch methodology.
(6) A description of any innovative or unique features of the benefit.
(7) For submissions of forms, include a statement whether the form will be made a part of the policy at issue or is intended for use after the date of issue of a policy, or both.

BENEFIT FEATURE REQUIREMENTS

- (1) The full corporate name of the company shall appear on a form.
(2) At least one signature of a company officer shall appear on a form if the form is added after the date of issue of a policy.

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(3) A form shall contain a brief description that shall appear in prominent print on the first page of the form and indicate the specific type of coverage provided. "Prominent print" means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.

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(4) A form shall contain a statement to the effect that it is made a part of the policy, and that the form provisions apply in lieu of any policy provisions to the contrary.

(5) A form shall contain the following information, when applicable, on the specifications page and the respective benefit provisions shall direct the owner to the specifications page:

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(a) The name, age, sex and premium class for each insured;

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(a) The information shall be found

(b) The benefit amount;

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(c) Any applicable identifiable charges. In this regard, an identifiable charge is recognized as a separate premium charge or an administrative fee or charge deducted from the account value;

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(d) An effective date of the form; and

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(e) The duration of coverage, including any initial or final expiry date, or any expiry age.

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These items may be considered as variable items and marked to denote variability.

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[These revisions are intended to emphasize that benefit features can be used in multiple types of forms and to make other grammatical and organizational improvements to the standards.]

(6) Any form that provides for an identifiable charge shall provide for a termination provision.

(7) A form identification number shall appear at the bottom of the form in the lower left hand corner of the document. The form number shall be adequate to distinguish the form from all others used by the company. The form number shall include a prefix of ICCxx (where xx represents the appropriate year the form was submitted for filing) to indicate that it has been approved by the Interstate Insurance Product Regulation Commission.

(8) Any policy pages or provisions referenced in the form shall be included for review.

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STANDARDS FOR ACCELERATED DEATH BENEFITS

Scope: These standards apply to accelerated death benefits that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. These standards shall not apply to long-term care insurance or products providing long-term care benefits as provided in the Interstate Insurance Product Regulation Commission standards for long-term care insurance.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

As used in these standards the following definitions apply:

“Accelerated death benefit” means the advance payment of some or all of the death proceeds payable under a life insurance policy:

1. To the owner, during the lifetime of the insured at the time of a qualifying event;
2. That reduces the death benefit otherwise payable under the policy through a present value payment or imposition of a lien upon the death benefits; and
3. That are payable upon the occurrence of any single qualifying event with respect to the insured resulting in the payment of a benefit amount fixed at the time of acceleration.

“Qualifying event” means the following:

1. A medical condition that is reasonably expected to result in a drastically limited life span for the insured. The company’s definition of a drastically limited life span shall have a minimum of “6 months or less” and a maximum of “24 months or less”, and shall be specified in the form;

and, at the option of the company, may include one or more of the following:

2. A medical condition that requires extraordinary medical intervention, such as major organ transplant or continuous artificial life support, without which the insured would die;
3. A condition that usually requires continuous confinement in an institution, as defined in the form, and the insured is expected to remain there for the rest of his or her life;
4. A specified medical condition that, in the absence of extensive or extraordinary medical treatment, would result in a drastically limited life span; or
5. A chronic illness defined as permanent inability to perform, without substantial assistance from another individual, a specified number of activities of daily living (bathing, continence, dressing, eating, toileting and transferring), and/or permanent severe cognitive impairment and similar forms of dementia.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) A statement of the types of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) Include a specimen issue of the statement required by item 1 of the Section entitled Effect of Benefit Payment on Other Benefit Provisions, provided to the owner prior to or concurrent with the election of the accelerated death benefit option, and an explanation of how and when the statement will be provided.
- (3) Include an actuarial memorandum prepared, dated and signed by the member of the American Academy of Actuaries who provides the following information:

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- (a) A description of the accelerated death benefit, including the effects of payment of the accelerated death benefit on all policy benefits, premium payments, cost of insurance rates, and values, including any outstanding loan, if applicable, for all types of forms with which the accelerated death benefit will be used;
- (b) A description of and justification for expense charges associated with the accelerated death benefit and the maximum expense charges;
- (c) A description of the interest rate or interest rate methodology used in any present value calculation or in accruing interest on the amount of the accelerated death benefit, which shall not exceed the greater of: (i) The current yield on 90-day treasury bills or (ii) A variable rate determined in accordance with the NAIC Model Policy Loan Interest Rate Bill (#590);
- (d) A description of the mortality basis and methodology, including the period of time applicable to any mortality discount, used in any present value calculation of the accelerated death benefit;
- (e) A description of the mortality and morbidity basis and methodology used in the determination of any separate premium or costs of insurance (COI) for the accelerated death benefit;
- (f) The formula used to determine the accelerated death benefit, including any limitations on the amount of the benefit, and the formula used to determine the post-acceleration premium;
- (g) A sample calculation of the accelerated death benefit. If the policy contains a loan provision, the example shall assume that there is an outstanding loan at date of acceleration. All policy benefits, premium payments, COI charges and values, including the outstanding loan, if applicable, immediately before and immediately after acceleration must be shown in the example;
- (h) If an accelerated death benefit may be paid in installments, the basis used in the calculation of the minimum periodic payment for the payment period and a sample calculation of a minimum periodic payment. Identify the basis used and provide a sample calculation of the lump sum payable if the insured dies before all periodic payments for the payment period are made; and
 - (i) For any accelerated death benefit of the type described in items 2, 3, 4 and 5 of the "Qualifying event" definition contained in these standards, a certification that the value and premium of the accelerated death benefit is incidental to the life coverage, as per the Incidental Value and Premium/Cost of Insurance Rate Relationship Certification shown in Appendix A.

GENERAL FORM REQUIREMENTS

COVER PAGE

- (1) The cover page of the form, or the cover page of the policy if the benefit is built into the policy, shall include the following in prominent print:
 - (a) The term "accelerated death benefit" shall be included in the brief description or descriptive title of the form.
 - (b) A clear statement that the death benefit and any accumulation values and cash values, and, if applicable, premium payments or COI charges, will be reduced if an accelerated death benefit is paid.
 - (c) A clear statement that the owner should seek additional information from his personal tax advisor about the tax status of the accelerated death benefit payment.

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"Prominent print" means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.

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[This revision is made for consistency with other proposed uniform standards.]

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FAIRNESS

- (1) The form shall not contain provisions that unfairly discriminate among insureds with differing qualifying events covered under the form, or among insureds with similar qualifying events covered under the form.
- (2) Products subject to these standards shall not be described as long-term care insurance or as providing long-term care benefits.

BENEFIT PROVISIONS

BENEFIT AMOUNT

- (1) The form may limit the percentage or dollar amount of the policy death benefit that may be accelerated. Any limit shall be specified in the form.

BENEFIT DESIGN OPTIONS

- (1) The form shall describe the accelerated death benefit option or options that are available to the owner, such as the payment of all of the death benefit of the policy, the payment of part of the death benefit of the policy, or a lien on the death benefit of the policy.
- (2) If the form allows for the present value calculation, the form shall:
 - (a) Specify the amount of the death benefit of the policy that may be accelerated by the owner;
 - (b) State that the company may apply a portion of the accelerated death benefit to repay an outstanding policy loan but only up to the amount of the outstanding policy loan multiplied by the percentage of the policy death benefit that has been accelerated;
 - (c) State that the premium shall be reduced to the premium that would apply had the policy been issued at the reduced amount, and may be further reduced according to some defined formula, such as pro rata reduction, or become paid-up;
 - (d) State that the company may pay the owner a present value of the policy death benefit that is being accelerated. The interest rate or interest rate methodology used in the calculation shall be disclosed in the form; and
 - (e) State that the policy cash value, if any, shall be reduced by the same percentage as the policy death benefit.
- (3) If the form allows the payment to the owner of the accelerated death benefit to be treated as a lien on the death benefits of the policy, the form shall state that:
 - (a) The lien may be applied only against the policy death benefit, not against any policy cash value;
 - (b) Interest bearing liens are permitted. The interest rate accrued on the portion of the lien which is equal to the cash value of the policy at the time of acceleration shall be no more than the policy loan interest rate stated in the policy. For the amount of the lien in excess of such cash value, the interest rate or interest rate methodology shall be disclosed in the form;
 - (c) Expense charges may be added to the lien;
 - (d) Due and unpaid premiums may be included in the lien after the automatic premium loan, if available, is exercised; and
 - (e) Access to the policy cash value may be restricted to the excess of the cash value over the sum of the lien and any other outstanding policy loans.

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- (4) The form shall disclose any premium charge or cost of insurance charge for the accelerated death benefit. A premium charge or cost of insurance charge is prohibited for a qualifying event of the type described in item 1 of the "qualifying event" definition contained in these standards.
- (5) The company may deduct a reasonable expense charge for accelerating the death benefit and shall state the maximum expense charge in the form.
- (6) The form shall provide that if any index used in determining the accelerated death benefit is discontinued, the company will use an appropriate substitute index subject to the approval of the Interstate Insurance Product Regulation Commission.
- (7) The form shall not require that, upon acceleration of part of the policy death benefit, the insured forfeits the remainder of the policy death benefit.
- (8) The form shall not include an aggregate limit provision that caps the accelerated death benefits payable for all policies issued by the company and its subsidiaries and affiliates.
- (9) The form shall not require that the accelerated death benefit will be provided only if the policy would remain in force for a specific period of time following acceleration. However, the option may exclude from acceleration any term insurance coverage scheduled to terminate prior to the end of the period used to define a qualifying event of the type described in item 1 of the "qualifying event" definition contained in these standards.
- (10) The form shall not contain any restrictions on the use of the accelerated death benefit proceeds.
- (11) If an accelerated death benefit is included in a form, the form shall include an option at the time of acceleration to reduce the accelerated death benefit payment by an amount actuarially determined to pay the remaining premiums or an option to continue to pay premiums to keep the policy in force.

EFFECT OF BENEFIT PAYMENT ON OTHER BENEFIT PROVISIONS

- (1) The form shall state that prior to or concurrent with the election to accelerate the policy death benefits, the owner and any irrevocable beneficiary will be given a statement demonstrating the effect of the acceleration of the payment of death benefits on the cash value, death benefit, premium, COI charges, and policy loans (including policy liens) of the particular policy involved. The statement shall display any premium or COI charges necessary to continue coverage following the acceleration, and shall display all expense and interest charges associated with accelerating the death benefit. Statements for use with liens shall say that future due and unpaid premiums or COI charges may be included in the lien if the provision so provides. The statement shall be based only on guaranteed values. No projected or nonguaranteed values or benefits may be shown. The statement shall include a disclosure that receipt of an accelerated death benefit may affect eligibility for Medicaid or other government benefits or entitlements and may have income tax consequences.
- (2) The form shall describe the effect of acceleration on premiums, COI charges, cash values and loan values, as applicable.
- (3) The form shall describe the effect that acceleration will have on coverage on another insured under the policy.
- (4) When a part of the death benefit remains after payment of the accelerated death benefit, the following requirements shall apply:
 - (a) Where the accelerated death benefit is paid under a present value calculation, the policy shall be modified by an endorsement, which includes a statement of cash values, policy loans, premiums, COI charges, and death benefits following acceleration;
 - (b) The dividends or non-guaranteed elements credited shall not discriminate between policies whose death benefits have been reduced through acceleration and policies originally issued in the amount of the reduced death benefits; and

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- (c) The accidental death benefit provision, if any, in the policy shall not be affected by the payment of the accelerated death benefit.

EXCLUSIONS/RESTRICTIONS

- (1) The form shall not contain exclusions or restrictions for an accelerated death benefit that are not also exclusions or restrictions in the policy.

INCONTESTABILITY

- (1) The form shall be incontestable on the same, or a more favorable basis, as the individual policy.

PAYMENT OPTIONS

- (1) The form shall describe the payment options available to the owner. The description shall include the option to receive the accelerated death benefit payment in a lump sum, and may include an option to receive the benefit in periodic payments for a period certain only. (Periodic payments based on the continued survival or institutional confinement of the insured are prohibited.)
- (2) The form shall state that the amount payable as a lump sum shall be at least equal to the acceleration percentage multiplied by the difference between the current policy cash value and any outstanding policy loans. The current policy cash value shall include any termination dividend payable on the surrender of the policy.
- (3) The form shall specify what occurs if the insured dies before all payments of the accelerated death benefit are made. If the present value of remaining payments is paid, the interest rate used to calculate any present value of the settlement option shall be that assumed in calculating the original payments.
- (4) The form shall state that if the insured dies after the owner elects to receive accelerated death benefits but before any such benefits are received, the election shall be cancelled and the death benefit paid pursuant to the policy.

PAYMENT PROCEDURES

- (1) The form shall specify the procedures required to accelerate the death benefit of the policy. The procedures shall be at least as favorable as the following:
 - (a) If the form states that the company requires the filing of a proof of eligibility claim form, the company shall provide the claim form within 15 days of the acceleration request. If the claim form is not furnished within 15 days, it is considered that the claimant complied with the claim requirements if the claimant submits written proof covering the occurrence, the character and the extent of the occurrence for which claim is made;
 - (b) The form shall not provide for a time frame within which proof of eligibility must be provided;
 - (c) The form may state that the company has the right to require a second or third medical opinion to confirm benefit eligibility. The form shall state that the second or third medical opinions are at the company's expense. The second medical opinion may include a physical examination by a physician designated by the company. In the case of conflicting opinions, eligibility for benefits shall be determined by a third medical opinion that is provided by a physician that is mutually acceptable to the insured and the company;
 - (d) The form shall state that the accelerated death benefit is paid to the owner or owner's estate while the insured is living, unless the benefit has been otherwise assigned or designated by the owner;
 - (e) The form shall state that prior to the payment of the accelerated death benefit, the company shall obtain from any assignee or irrevocable beneficiary a signed acknowledgement of concurrence for payout. If the company paying the accelerated death benefit is itself the assignee under the policy, no acknowledgement is required; and

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- (f) The form shall state that payment of the accelerated death benefit is due immediately upon receipt of the due written proof of eligibility. Companies are subject to the requirements of the Death Benefit Proceeds standards with respect to any delay in processing requests to accelerate the payment of death benefits.

QUALIFYING EVENTS

- (1) The form shall specify the terms and conditions applicable to each qualifying event.
- (2) The form shall not require that the cause of a qualifying event first manifest itself or be diagnosed after issuance of the individual policy or form.
- (3) The form shall not include a waiting period requirement. A requirement that the individual policy or form be in force past the incontestable period is prohibited.

REINSTATEMENT

- (1) The form shall include a reinstatement provision on the same, or more favorable, terms as contained in the policy.

TERMINATION

- (1) The form shall include the following termination conditions:
 - (a) Upon written request;
 - (b) Upon termination of the policy; or
 - (c) Upon nonpayment of any separate premium or COI charge for the accelerated death benefit, in accordance with the provisions of the form or the policy.
- (2) The form may state that the accelerated death benefit may terminate when a nonforfeiture benefit becomes effective under the policy.
- (3) The form shall state that termination shall not prejudice the payment of benefits for any qualifying event that occurred while the form was in force.

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APPENDIX A

PROPOSED ACCELERATED DEATH BENEFIT (ACCDB) INCIDENTAL VALUE AND PREMIUM/COST OF INSURANCE RATE RELATIONSHIP CERTIFICATION

I, _____ of _____ am a Member in good standing of the American Academy of Actuaries and am qualified to provide this Certification with respect to the ACCDB benefit described in the Actuarial Memorandum to which this Certification is attached.

I certify that:

- (1) The value of the benefits provided, on an aggregated basis, in respect of the filed ACCDB, determined according to the formula below applied over a range of underwriting classes and plans at which the benefit is being made available, is not in any case greater than 10%.

(NSP2 – NSP1) / NSP1

Where:

- (a) NSP1 and NSP2 are determined using an effective annual interest rate of 6%.
(b) NSP1 is the net single premium for the base policy benefits assuming there is no accelerated death benefit.
(c) NSP2 is the net single premium for the base policy benefits assuming that the full death benefit is paid at time of death or the occurrence of the non-death ACCDB trigger.

- (2) In developing the assumptions, other than the interest assumption, used in calculating NSP1 and NSP2, I have complied with all applicable laws, regulations, and Actuarial Standards of Practice (ASOPs). The assumptions used represent anticipated experience factors, as defined in actuarial literature and by generally accepted actuarial practice.

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- (3) The assumptions, other than the interest assumption, used in calculating NSP1 and NSP2 will be reviewed at least annually by the Company to ensure that the value of the ACCDB provided, as defined in (1) above, continues to be incidental. If, after such review and while this ACCDB is being actively issued, the value of the benefits provided by this benefit are no longer incidental based on then current anticipated experience factors, the Company will discontinue offering the ACCDB which is no longer incidental.

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[These revisions were made to be consistent with the Actuarial Standards Board's decision to make this change in all American Academy of Actuaries' documents on reserves and risk-based capital.]

- (4) If a separate premium or cost of insurance (COI) charge is being charged for the ACCDB provided, the ratio of the present value of the ACCDB premiums or COI charges over the life of the policy to the present value of the policy premiums or COI charges exclusive of any riders, does not exceed 10%. The present values in this item (4) are determined using an effective annual interest rate of 6%.

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STANDARDS FOR ACCIDENTAL DEATH BENEFITS

Scope: These standards apply to accidental death benefits that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. These standards shall not apply to accidental death benefits that include dismemberment benefits.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) A statement of the types of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) A description of the benefit for all types of forms with which the benefit will be used.
- (3) The formulae, if any, used to determine the benefit, including any limitations on the amount of the benefit and sample calculations for representative issue ages, including issue age 35 if within the issue age range.

BENEFIT PROVISIONS

BENEFIT

- (1) The form shall describe the conditions that shall be met to be eligible for the accidental death benefit. The conditions shall comply with the following:
 - (a) If death has to occur within a specified time period after the injury occurs, the form shall also disclose the time period, but shall not be more restrictive than requiring the accidental death to occur within 180 days following the date of the accidental injury; and
 - (b) The form may require that death be caused by an accident but such requirement shall be without regard to the means of the accident. The terms "accident", "accidental injury" or "accidental means" shall be defined to employ "result" language and shall not include words which establish an accidental means test. The definition of "injury" may not be more restrictive than "injury means an accidental bodily injury sustained by the insured which is a direct result of an accident, independent of disease or bodily or mental illness or infirmity or any other cause, and which occurs while the insurance benefit is in force".
- (2) The form may include the following:
 - (a) An additional indemnity benefit for accidental death occurring while the insured was riding as a fare-paying passenger on a public conveyance;
 - (b) An additional indemnity benefit for accidental death occurring while the insured was wearing a seat belt or the insured was riding in a seat protected by an air bag; and
 - (c) A presumption of death provision which states that the insured shall be presumed to have died as a result of accidental injury if the aircraft or other vehicle in which the insured was traveling disappears, sinks or is wrecked, and the body of the insured is not found for a specified number of years from the date the aircraft or other vehicle was scheduled to arrive at its destination, or the insured is reported missing to the authorities.
- (3) The form may include other accidental death benefits that are approved by the Interstate Insurance Product Regulation Commission.
- (4) The form shall state that the accidental death benefit is payable to the beneficiary.

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AUTOPSY

- (1) The form may state that the company reserves the right, at its expense, to request an autopsy unless prohibited by law.

EXCLUSIONS

- (1) The form shall specify any exclusion applicable to the accidental death benefit. The exclusions shall be limited to the following:
- (a) Death caused or contributed to by disease or infirmity of mind or body, or medical or surgical treatment for such disease or infirmity;
 - (b) An infection not occurring as a direct result or consequence of the accidental bodily injury;
 - (c) Death caused or contributed to by any attempt at suicide, or intentionally self-inflicted injury, while sane or insane;
 - (d) Death caused or contributed to by travel in or descent from an aircraft, if the insured acted in a capacity other than as a passenger;
 - (e) Death caused or contributed to by travel in an aircraft or device used for testing or experimental purposes, used by or for any military authority, used for travel beyond the earth's atmosphere;
 - (f) Death caused or contributed to by "war" or "act of war," as defined in the standards for the exclusions provision of the individual life policy;
 - (g) Death caused or contributed to by active participation in a riot, insurrection or terrorist activity;
 - (h) Death occurring while the proposed insured is incarcerated;
 - (i) Death caused or contributed to by committing or attempting to commit a felony;
 - (j) Death caused or materially contributed to by voluntary intake or use by any means of:
 - (i) Any drug, unless prescribed or administered by a physician and taken in accordance with the physician's instructions, or;
 - (ii) Poison, gas or fumes, unless a direct result of an occupational accident;
 - (k) Death caused or contributed to by intoxication as defined by the jurisdiction where the accident occurred;
 - (l) Death caused or contributed to by riding or driving an air, land or water vehicle in a race, speed or endurance contest;
 - (m) Death occurring before the insured's first birthday;
 - (n) Death caused or contributed to by bungee jumping;
 - (o) Death caused or materially contributed to by participation in an illegal occupation or activity;
 - (p) Death caused or contributed to by rock or mountain climbing; and/or
 - (q) Death caused or contributed to by aeronautics (hang-gliding, skydiving, parachuting, ultralight, soaring, ballooning and parasailing).
- (2) The form may include any other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

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INCONTESTABILITY

- (1) If the form is issued as an attachment to the policy, the form may state that the company shall not contest the form after it has been in force during the lifetime of the insured for two years from the date of issue of the form, except for fraud in the procurement of the form, when permitted by applicable law in the state where the policy is delivered or issued for delivery.

[This revision is made for consistency with other proposed uniform standards.]

NONFORFEITURE VALUES

- (1) If the form is issued as an attachment to the policy, the form shall state that it does not have cash values or loan values.

TERMINATION

- (1) The form shall include the following termination conditions:
 - (a) Upon written request from the owner;
 - (b) Upon termination of the policy; or
 - (c) Upon nonpayment of the identifiable charge, in accordance with the provisions of the form or the policy.
- (2) The form may also include the following termination conditions:
 - (a) The policy anniversary on which the insured attains a specified age;
 - (b) The date the policy lapses or is continued as extended or paid-up insurance under the nonforfeiture provisions;
 - (c) If the policy is an endowment policy, on the date of endowment, regardless if the endowment date is deferred.
- (3) The form shall state that termination shall not prejudice the payment of benefits for any accident that occurred while the form was in force.

Highlighting amendments approved by the Management Committee

STANDARDS FOR ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS

Scope: These standards apply to accidental death and dismemberment benefits that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. These standards shall not apply to accidental death only benefits.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

As used in these standards, the following definition applies:

“Loss” is an accidental death or dismemberment.

As used in these standards, “dismemberment” shall include any malady described in Items 3, 4 and 5 of the Benefits Provisions of these standards.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) A statement of the types of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) A description of the benefit for all types of forms with which the benefit will be used.
- (3) The formulae, if any, used to determine the benefit, including any limitations on the amount of the benefit and sample calculations for representative issue ages, including issue age 35 if within the issue age range.

BENEFIT PROVISIONS

BENEFIT

- (1) The form shall describe the conditions that shall be met to be eligible for the accidental death and dismemberment benefit. The conditions shall comply with the following:
 - (a) If loss has to occur within a specified time period after the injury occurs, the form shall also disclose the time period, but shall not be more restrictive than requiring the loss to occur within 180 days following the date of the accidental injury; and
 - (b) The form may require that loss be caused by an accident but such requirement shall be without regard to the means of the accident. The terms “accident”, “accidental injury” or “accidental means” shall be defined to employ “result” language and shall not include words which establish an accidental means test. The definition of “injury” may not be more restrictive than “injury means an accidental bodily injury sustained by the insured which is a direct result of an accident, independent of disease or bodily or mental illness or infirmity or any other cause, and which occurs while the insurance benefit is in force”.
- (2) The form may include the following:
 - (a) An additional indemnity benefit for loss occurring while the insured was riding as a fare-paying passenger on a public conveyance;
 - (b) An additional indemnity benefit for loss occurring while the insured was wearing a seat belt or the insured was riding in a seat protected by an air bag; and
 - (c) A presumption of death provision which states that the insured shall be presumed to have died as a result of accidental injury if the aircraft or other vehicle in which the insured was traveling disappears, sinks or is wrecked, and the body of the insured is not found for a specified number of years from the date the aircraft or other vehicle was scheduled to arrive at its destination, or the insured is reported missing to the authorities.

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- (3) The form shall include accidental dismemberment benefits for loss of a hand, foot, arm, and leg. The form shall include the conditions that shall be met to be eligible for each of these benefits and describe or define the loss. The descriptions and definitions may not be more restrictive than:
 - (a) Loss of a hand permanently severed at or above the wrist but below the elbow or loss of thumb and index finger of the same hand where the thumb and index finger are permanently severed through or above the third joint from the tip of the index finger and the second joint from the tip of the thumb;
 - (b) Loss of a foot permanently severed at or above the ankle but below the knee;
 - (c) Loss of arm permanently severed at or above the elbow; and
 - (d) Loss of a leg permanently severed at or above the knee.
- (4) The form may also include any of the following losses: paralysis, brain damage, coma, third degree burns, or loss of sight, hearing or speech. The form shall include the conditions that shall be met to be eligible for each of these benefits and describe or define the loss. The descriptions and definitions may not be more restrictive than:
 - (a) Paralysis means the loss of use of a limb without severance; a physician must determine the paralysis to be permanent, complete and irreversible;
 - (b) Brain damage means permanent and irreversible physical damage to the brain causing the complete inability to perform all of the substantial and material duties of everyday life, and such damage shall continue for a specified period of time, not to exceed 180 days, following the date of loss;
 - (c) Coma means a state of deep and total unconsciousness from which the comatose person cannot be aroused, and the state shall continue for a specified period of time, not to exceed 180 days, following the date of loss;
 - (d) Loss of sight means permanent and uncorrectable loss of sight in the eye, and visual acuity shall be 20/200 or worse in the eye or the field of vision must be less than 20 degrees;
 - (e) Loss of speech means the entire and irrecoverable loss of speech that continues for a specified period of time, not to exceed 180 days, following the date of loss;
 - (f) Loss of hearing means the entire and irrecoverable loss of hearing in both ears that continues for a specified period of time, not to exceed 180 days, following the date of loss;
- (5) The form may include benefits for other losses that are approved by the Interstate Insurance Product Regulation Commission.
- (6) The form shall state that the accidental death benefit is payable to the beneficiary and other benefits are payable to the owner.

PHYSICAL EXAM AND AUTOPSY

- (1) The form may state that the company reserves the right, at its expense, to have the insured examined as often as reasonably necessary while a claim for an accidental dismemberment benefit is pending.
- (2) The form may also state that the company reserves the right, at its expense, to request an autopsy unless prohibited by law.

EXCLUSIONS

- (1) The form shall specify any exclusion applicable to the accidental death and dismemberment benefit. The exclusions shall be limited to the following:

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- (a) Loss caused or contributed to by disease or infirmity of mind or body, or medical or surgical treatment for such disease or infirmity;
 - (b) An infection not occurring as a direct result or consequence of the accidental bodily injury;
 - (c) Loss caused or contributed to by any attempt at suicide, or intentionally self-inflicted injury, while sane or insane;
 - (d) Loss caused or contributed to by travel in or descent from an aircraft, if the insured acted in a capacity other than as a passenger;
 - (e) Loss caused or contributed to by travel in an aircraft or device used for testing or experimental purposes, used by or for any military authority, used for travel beyond the earth's atmosphere;
 - (f) Loss caused or contributed to by "war" or "act of war," as defined in the standards for the exclusions provision of the individual life policy;
 - (g) Loss caused or contributed to by active participation in a riot, insurrection or terrorist activity;
 - (h) Loss occurring while the proposed insured is incarcerated;
 - (i) Loss caused or contributed to by committing or attempting to commit a felony;
 - (j) Loss caused or materially contributed to by voluntary intake or use by any means of:
 - (i) Any drug, unless prescribed or administered by a physician and taken in accordance with the physician's instructions, or;
 - (ii) Poison, gas or fumes, unless a direct result of an occupational accident;
 - (k) Loss caused or contributed to by intoxication as defined by the jurisdiction where the accident occurred;
 - (l) Loss caused or contributed to by riding or driving an air, land or water vehicle in a race, speed or endurance contest;
 - (m) Loss occurring before the insured's first birthday;
 - (n) Loss caused or contributed to by bungee jumping;
 - (o) Loss caused or materially contributed to by participation in an illegal occupation or activity;
 - (p) Loss caused or contributed to by rock or mountain climbing; and/or
 - (q) Loss caused or contributed to by aeronautics (hang-gliding, skydiving, parachuting, ultralight, soaring, ballooning and parasailing).
- (2) The form may include any other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

INCONTESTABILITY

- (1) If the form is issued as an attachment to the policy, the form may state that the company shall not contest the form after it has been in force during the lifetime of the insured for two years from the date of issue of the form, except for fraud in the procurement of the form, when permitted by applicable law in the state where the policy is delivered or issued for delivery.

[This revision is made for consistency with other proposed uniform standards..]

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NONFORFEITURE VALUES

- (1) If the form is issued as an attachment to the policy, the form shall state that it does not have cash values or loan values.

TERMINATION

- (1) The form shall include the following termination conditions:
 - (a) Upon written request from the owner;
 - (b) Upon termination of the policy; or
 - (c) Upon nonpayment of the identifiable charge, in accordance with the provisions of the form or the policy.
- (2) The form may also include the following termination conditions:
 - (a) The policy anniversary on which the insured attains a specified age;
 - (b) The date the policy lapses or is continued as extended or paid-up insurance under the nonforfeiture provisions;
 - (c) If the policy is an endowment policy, on the date of endowment, regardless if the endowment date is deferred.
- (3) The form shall state that termination shall not prejudice the payment of benefits for any accident that occurred while the form was in force.

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STANDARDS FOR WAIVER OF PREMIUM BENEFITS

Scope: These standards apply to waiver of premium benefits that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. The waiver is for premiums due under an individual life insurance policy in the event that the insured becomes totally disabled under the terms of the form.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

As used in these standards, “waiver benefit” means a waiver of premium due for an insured under the policy.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) A statement of the types of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) A description of the benefit for all types of forms with which the benefit will be used.
- (3) The formulae, if any, used to determine the benefit, including any limitations on the amount of the benefit and sample calculations for representative issue ages, including issue age 35 if within the issue age range.

BENEFIT PROVISIONS

BENEFIT

- (1) The form shall describe the total disability conditions that shall be met to be eligible for the waiver benefit. The conditions shall comply with the following:
 - (a) The definition of total disability shall not be less favorable than the following:
 - (i) **During the first 24 months of total disability**, the insured is unable to perform the substantial and material duties of their job due to sickness or accidental bodily injury; and
 - (ii) **After the first 24 months of total disability**, the insured, due to sickness or accidental bodily injury, is unable to perform any of the substantial and material duties of their job, or any other job for which they become reasonably suited by education, training or experience.

Drafting Note: At the discretion of the company, the form may provide for more favorable or additional definitions of total disability such as for full-time students and homemakers.

- (b) The form may expand the definition of total disability to include presumptive total disability such as the insured’s total and permanent loss of: sight of both eyes; hearing of both ears; speech; or the use of both hands, both feet or one hand and one foot;
- (c) The form shall state that the insured’s total disability shall begin while the form is in effect;
- (d) The form shall state the period of time required for the total disability to continue, such as a consecutive period of 6 months, before the company will approve a claim for the waiver benefit. The form shall also state that until the company approves the claim, payment of the premiums when due is required to avoid a lapse of insurance before the company approves the claim for the waiver benefit. If the company approves the claim for the waiver benefit after the specified period of time, the company shall refund the premiums paid after the first of the benefit month on or following the date the insured’s total disability began;
- (e) The form may base the type of waiver benefit available on the insured’s age on the date disability begins, but shall not do so on terms less favorable than the following:

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- (i) **If the insured's total disability begins before the benefit anniversary on which the insured attains age 60**, the form shall state that the company shall waive all premiums due for the insured under the policy for the period that the insured continues to be totally disabled. If such period extends to the benefit anniversary on which the insured attains age 65, the form shall state that the company shall waive all further premiums due for the insured under the policy; or
- (ii) **If the insured's total disability begins after the benefit anniversary on which the insured attains the age specified in item (i) for when total disability begins**, the form shall state that the company shall waive all premiums due for the insured under the policy for the period that the insured continues to be totally disabled, but only up to the benefit anniversary on which the insured attains age 65;
- (f) The form shall state that if the waiver benefit is in effect, all benefits included under the policy, excluding optional benefits that are issued as attachments to the policy, shall continue in force. Any such optional benefits that will not continue in force shall be disclosed in the form;
- (g) The form shall state that premiums waived by the company shall not be deducted from the policy proceeds;
- (h) The form shall state that if total disability begins during a grace period, payment of the overdue premium is required to avoid a lapse of insurance before the company approves the claim for the waiver benefit; and
- (i) The form shall describe the initial and subsequent due proof requirements for total disability. To initialize a claim, the form may require written notice and proof of total disability while the insured is alive and totally disabled, or as soon as reasonably possible. During a specified period of time after the company approves the claim for the waiver benefit, not to exceed 24 months, the form may require proof of continued total disability not more frequently than once every 30 days. After such specified period of time, the form shall state that the company shall not require proof more than once in any 12 month period. The form may also state that as part of the due proof requirement, the company at its expense may have its designated physician examine the insured.

EXCLUSIONS

- (1) The form shall specify any exclusion applicable to the waiver benefit. The exclusions shall be limited to the following:
 - (a) Total disability caused or contributed to by any attempt at suicide, or intentionally self-inflicted injury, while sane or insane;
 - (b) Total disability caused or contributed to by "war" or "act of war," as defined in the standards for the exclusions provision of the individual life policy;
 - (c) Total disability caused or contributed to by active participation in a riot, insurrection or terrorist activity;
 - (d) Total disability caused or contributed to by committing or attempting to commit a felony;
 - (e) Total disability caused or materially contributed to by voluntary intake or use by any means of:
 - (i) Any drug, unless prescribed or administered by a physician and taken in accordance with the physician's instructions; or
 - (ii) Poison, gas or fumes, unless a direct result of an occupational accident;
 - (f) Total disability occurring before the insured reaches a specified age, such as age 5;
 - (g) Total disability occurring after the benefit anniversary on which the insured attains a specified age no less than age 65;

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- (h) Total disability caused or contributed to by intoxication as defined by the jurisdiction where the total disability occurred;
 - (i) Total disability caused or materially contributed to by participation in an illegal occupation or activity; and/or
 - (j) Total disability caused or contributed to by any condition disclosed in the application and explicitly excluded in a form attached to the policy.
- (2) The form may include other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

INCONTESTABILITY

- (1) If the form is issued as an attachment to the policy, the form may state that the company shall not contest the form after it has been in force during the lifetime of the insured for two years from the date of issue of the form, excluding any period when the insured is totally disabled, except for fraud in the procurement of the form, when permitted by applicable law in the state where the policy is delivered or issued for delivery.

[This revision is made for consistency with other proposed uniform standards.]

NONFORFEITURE VALUES

- (1) If the form is issued as an attachment to the policy, the form shall state that it does not have cash values or loan values.

TERMINATION

- (1) The form shall include the following termination conditions:
- (a) Upon written request from the owner;
 - (b) Upon termination of the policy; or
 - (c) Upon nonpayment of the premium, in accordance with the provisions of the form or the policy.
- (2) The form may also include the following termination conditions:
- (a) The benefit anniversary on which the insured attains a specified age, no less than age 65;
 - (b) The date the policy lapses or is continued as extended term or paid-up insurance under the nonforfeiture provisions;
 - (c) If the policy is an endowment policy, on the date of endowment, regardless if the endowment date is deferred; and/or

If the policy is a limited-payment policy, on the date the policy becomes fully paid-up.

STANDARDS FOR WAIVER OF MONTHLY DEDUCTIONS BENEFITS

Scope: These standards apply to waiver of monthly deduction benefits that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. The waiver is for monthly deductions made under an individual life insurance policy where monthly deductions are applicable, in the event that the insured becomes totally disabled under the terms of the form.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

As used in these standards, the following definitions apply:

“Waiver benefit” means a waiver of the monthly deductions made under an individual life insurance policy where monthly deductions are applicable.

“Monthly deduction” includes the actual cost of insurance charges, expense charges, and costs or charges for any benefits added to the policy by rider, endorsement or amendment, and which are specified in the policy to be deducted from the account value.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) A statement of the types of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) A description of the benefit for all types of forms with which the benefit will be used.
- (3) The formulae, if any, used to determine the benefit, including any limitations on the amount of the benefit and sample calculations for representative issue ages, including issue age 35 if within the issue age range.

BENEFIT PROVISIONS

BENEFIT

- (1) The form shall describe the total disability conditions that shall be met to be eligible for the waiver benefit. The conditions shall comply with the following:
 - (a) The definition of total disability shall not be less favorable than the following:
 - (i) **During the first 24 months of total disability**, the insured is unable to perform the substantial and material duties of their job due to sickness or accidental bodily injury; and
 - (ii) **After the first 24 months of total disability**, the insured, due to sickness or accidental bodily injury, is unable to perform any of the substantial and material duties of their job, or any other job for which they become reasonably suited by education, training or experience.

Drafting Note: At the discretion of the company, the form may provide for more favorable or additional definitions of total disability such as for full-time students and homemakers.

- (b) The form may expand the definition of total disability to include presumptive total disability such as the insured’s total and permanent loss of: sight of both eyes; hearing of both ears; speech; or the use of both hands, both feet or one hand and one foot.
- (2) The form shall describe the monthly deductions that will be waived. All monthly deductions under the policy shall be waived, except asset-based charges may be excluded at the option of the company.

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- (3) The form shall state that, if the waiver benefit is in effect, all benefits included under the policy shall continue in force, subject to the investment performance of any separate account included as part of the account value and the policy loan provisions.
- (4) The form shall state that the insured's total disability shall begin while the form is in effect.
- (5) The form shall state the period of time required for the total disability to continue, such as a consecutive period of 6 months, before the company will approve a claim for the waiver benefit. The form shall also state that until the company approves the claim, monthly deductions shall continue when due as provided in the policy. If the company approves the claim for the waiver benefit after the specified period of time, the company shall credit to the policy's account value an amount equal to the waived monthly deductions taken after the first of the benefit month on or following the date the insured's total disability began, and the account value will be adjusted accordingly.
- (6) The form may base the type of waiver benefit available on the insured's age on the date disability begins, but shall not do so on terms less favorable than the following:
 - (a) **If the insured's total disability begins before the benefit anniversary on which the insured attains age 60**, the form shall state that the company shall waive all monthly deductions which it would have taken under the policy for the period that the insured continues to be totally disabled. If such period extends to the benefit anniversary on which the insured attains age 65, the form shall state that the company shall waive all further monthly deductions due under the policy; or
 - (b) **If the insured's total disability begins after the benefit anniversary on which the insured attains the age specified in item (a) for when total disability begins**, the form shall state that the company shall waive all monthly deductions which it would have taken under the policy for the period that the insured continues to be totally disabled, but only up to the benefit anniversary on which the insured attains age 65.
- (7) The form shall state that monthly deductions waived by the company shall not be taken from the policy proceeds.
- (8) The form shall state that if total disability begins during a grace period, sufficient funds will be required to be added to the account value to ensure that any overdue monthly deductions can be taken to avoid a lapse of insurance before the company approves the claim for the waiver benefit.
- (9) The form shall describe the initial and subsequent due proof requirements for total disability. To initialize a claim, the form may require written notice and proof of total disability while the insured is alive and totally disabled, or as soon as reasonably possible. During a specified period of time after the company approves the claim for the waiver benefit, not to exceed 24 months, the form may require proof of continued total disability not more frequently than once every 30 days. After such specified period of time, the form shall state that the company shall not require proof more than once in any 12 month period. The form may also state that as part of the due proof requirement, the company at its expense may have its designated physician examine the insured.

EXCLUSIONS

- (1) The form shall specify any exclusion applicable to the waiver benefit. The exclusions shall be limited to the following:
 - (a) Total disability caused or contributed to by any attempt at suicide, or intentionally self-inflicted injury, while sane or insane;
 - (b) Total disability caused or contributed to by "war" or "act of war", as defined in the standards for the exclusions provision of the individual life policy;
 - (c) Total disability caused or contributed to by active participation in a riot, insurrection or terrorist activity;
 - (d) Total disability caused or contributed to by committing or attempting to commit a felony;
 - (e) Total disability caused or materially contributed to by voluntary intake or use by any means of:

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- (i) Any drug, unless prescribed or administered by a physician and taken in accordance with the physician's instructions; or
 - (iii) Poison, gas or fumes, unless a direct result of an occupational accident;
 - (f) Total disability occurring before the insured reaches a specified age, such as age 5;
 - (g) Total disability occurring after the benefit anniversary on which the insured attains a specified age, no less than age 65;
 - (h) Total disability caused or contributed to by intoxication as defined by the jurisdiction where the disability occurred;
 - (i) Total disability caused or materially contributed to by participation in an illegal occupation or activity; and/or
 - (j) Total disability caused or contributed to by any condition disclosed in the application and explicitly excluded in a form attached to the policy.
- (2) The form may include other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

INCONTESTABILITY

- (1) If the form is issued as an attachment to the policy, the form may state that the company shall not contest the form after it has been in force during the lifetime of the insured for two years from the date of issue of the form, excluding any period when the insured was totally disabled, except for fraud in the procurement of the form, when permitted by applicable law in the state where the policy is delivered or issued for delivery.

[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

EFFECT OF POLICY ADJUSTMENTS

- (1) The form shall describe the effect of policy adjustments, such as increases in face amount, may have on the coverage provided by the waiver benefit. The form may state that, unless otherwise stated, an application to increase the face amount of the policy may be deemed to be an application to increase the coverage provided by the benefit waiver.

NONFORFEITURE VALUES

- (1) If the form is issued as an attachment to the policy, the form shall state that it does not have cash values or loan values.

TERMINATION

- (1) The form shall include the following termination conditions:
- (a) Upon written request from the owner;
 - (b) Upon termination of the policy; or
 - (c) The insufficiency of the account value to allow monthly deductions, in accordance with the provisions of the form or the policy.
- (2) The form may also include the following termination conditions:
- (a) The benefit anniversary on which the insured attains a specified age, no less than age 65;

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- (d) The date the policy lapses or is continued as extended term or paid-up insurance under the nonforfeiture provisions;
- (e) If the policy is an endowment policy, on the date of endowment, regardless if the endowment date is deferred; and/or

If the policy is a limited-payment policy, on the date the policy becomes fully paid-up.

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STANDARDS FOR WAIVER OF PREMIUM BENEFITS FOR CHILD INSURANCE IN THE EVENT OF PAYOR'S TOTAL DISABILITY OR DEATH

Scope: These standards apply to waiver of premium benefits for an insured child that are built into individual life insurance policy forms or added to such policy forms by rider, endorsement or amendment. The waiver is for premiums due for an insured child under an individual life insurance policy in the event of the payor's total disability or death under the terms of the form.

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[These revisions are intended to reflect that benefit features can be incorporated into policy forms as well as added by rider, endorsement or amendment.]

As used in these standards, "waiver benefit" means waiver of premiums due under the policy for an insured child in the event of the payor's total disability or death.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply.

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[This revision is made for consistency with other proposed uniform standards.]

- (1) A statement of the type of policy forms with which this benefit will be offered, any underwriting restrictions involving face amount or age, and whether the benefit is intended for use with new issues and/or in force business.
- (2) A description of the benefit for all types of forms with which the benefit will be used.
- (3) The formulae, if any, used to determine the benefit, including any limitations on the amount of the benefit and sample calculations for representative issue ages, including issue age 35 if within the issue age range.

BENEFIT PROVISIONS

BENEFIT

- (1) The form shall describe the death and total disability conditions that the payor shall meet to be eligible for the waiver benefit. The conditions shall comply with the following:
 - (a) The definition of total disability for the payor shall not be less favorable than the following:
 - (i) **During the first 24 months of total disability**, the payor is unable to perform the substantial and material duties of their job due to sickness or accidental bodily injury; and
 - (ii) **After the first 24 months of total disability**, the payor, due to sickness or accidental bodily injury, is unable to perform any of the substantial and material duties of their job, or any other job for which they become reasonably suited by education, training or experience.
 - (b) The form may expand the definition of total disability to include presumptive total disability such as the payor's total and permanent loss of: sight of both eyes; hearing of both ears; speech; or the use of both hands, both feet or one hand and one foot;
 - (c) The form shall state that the payor's death shall occur or the payor's total disability shall begin while the form is in effect;
 - (d) The form shall state the period of time required for the total disability to continue, such as a consecutive period of 6 months, before the company shall approve a claim for the waiver benefit. The form shall also state that until the company approves the claim, payment of the premiums when due is required to avoid a lapse of insurance before the company approves the claim for the waiver benefit. If the company approves the claim for the waiver benefit after the specified period of time, the company shall refund the premiums paid after the first of the benefit month on or following the date the payor's total disability began;

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- (e) The form may require that the payor's total disability begin before the benefit anniversary on which the payor attains a specified age no less than age 60, and before the benefit anniversary on which the insured child attains a specified age no less than age 18. In this case, the form shall state that the company shall waive all premiums due for the insured child under the policy for the period that the payor continues to be totally disabled, but not beyond the benefit anniversary on which the insured child attains the specified age;
- (f) The form shall state that if the waiver benefit is in effect, all benefits included under the policy, excluding optional benefits that are issued as attachments to the policy, shall continue in force. Any such optional benefits that will not continue in force shall be disclosed in the form;
- (g) The form shall state that premiums waived by the company shall not be deducted from the policy proceeds;
- (h) The form shall state that if the payor's total disability begins during a grace period, payment of the overdue premium is required to avoid a lapse of insurance before the company approves the claim for the waiver benefit;
- (i) The form shall describe the initial and subsequent due proof requirements for total disability. To initialize a claim, the form may require written notice and proof of total disability while the payor is alive and totally disabled, or as soon as reasonably possible. During a specified period of time after the company approves the claim for the waiver benefit, not to exceed 24 months, the form may require proof of continued total disability not more frequently than once every 30 days. After such specified period of time, the form shall state that the company shall not require proof more than once in any 12 month period. The form may also state that as part of the due proof requirement, the company at its expense may have its designated physician examine the payor;
- (j) The form shall describe the due proof requirements for death and shall be no less favorable than the due proof requirements for death specified in the policy;
- (k) The form may state that the company shall waive premiums due for a child insured under the policy upon due proof that the payor died prior to the benefit anniversary on which the insured child attains a specified age, no less than age 18; and
- (l) The form shall state that if the payor dies, the company will refund any premiums paid after the first of the benefit month on or following the death of the payor.

EXCLUSIONS

- (1) The form shall specify any exclusion applicable to the waiver benefit. The exclusions shall be limited to the following:
 - (a) The payor's total disability or death caused or contributed to by any attempt at suicide, or intentionally self-inflicted injury, while sane or insane;
 - (b) The payor's total disability or death caused or contributed to by "war" or "act of war", as defined in the standards for the exclusions provision of the individual life policy;
 - (c) The payor's total disability or death caused or contributed to by active participation in a riot, insurrection or terrorist activity;
 - (d) The payor's total disability or death caused or contributed to by committing or attempting to commit a felony;
 - (e) The payor's total disability or death caused or materially contributed to by voluntary intake or use by any means of:
 - (i) Any drug, unless prescribed or administered by a physician and taken in accordance with the physician's instructions; or

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- (iv) Poison, gas or fumes, unless a direct result of an occupational accident;
 - (f) The payor's total disability or death occurring on the benefit anniversary after the payor attains a specified age, no less than age 65;
 - (g) The payor's total disability or death occurring after the benefit anniversary on which the insured child attains a specified age, no less than age 18;
 - (h) The payor's total disability or death caused or contributed to by intoxication as defined by the jurisdiction where the total disability or death occurred; and/or
 - (i) The payor's total disability or death caused or materially contributed to by participation in an illegal occupation or activity.
 - (j) The payor's total disability caused or contributed to by any condition disclosed in the application and explicitly excluded in a form attached to the policy.
- (2) The form may include other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

INCONTESTABILITY

- (1) If the form is issued as an attachment to the policy, the form may state that the company shall not contest the form after it has been in force during the lifetime of the payor for two years from the date of issue of the form, excluding any period when the payor was totally disabled, except for fraud in the procurement of the form, when permitted by applicable law in the state where the policy is delivered or issued for delivery.

[This revision is made for consistency with other proposed uniform standards.]

MISSTATEMENT OF PAYOR'S AGE

- (1) The form shall state that, for the purposes of the waiver benefit, the Misstatement provisions of the policy shall be read to apply to the payor for the waiver benefit.

REINSTATEMENT

- (1) The form may state that, for the purposes of the waiver benefit, the Reinstatement provisions of the policy shall be read to apply to the payor for the waiver benefit.

NONFORFEITURE VALUES

- (1) If the form is issued as an attachment to the policy, the form shall state that it does not have cash values or loan values.

TERMINATION

- (1) The form shall include the following termination conditions:
- (a) Upon written request from the owner;
 - (b) Upon termination of the policy; or
 - (c) Upon nonpayment of the premium, in accordance with the provisions of the form or the policy.
- (2) The form may also include the following termination conditions:
- (a) The benefit anniversary on which the insured child attains a specified age, no less than age 18;

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- (b) The benefit anniversary on which the payor attains a specified age, no less than age 65;
- (c) The date the policy lapses or is continued as extended term or paid-up insurance under the nonforfeiture provisions;
- (d) If the policy is an endowment policy, on the date of endowment, regardless if the endowment date is deferred; and/or
- (e) If the policy is a limited-payment policy, on the date the policy becomes fully paid-up.