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IIPRC-L-08-LB-I-WPBCChild
STANDARDS FOR WAIVER OF PREMIUM BENEFITS FOR CHILD INSURANCE
IN THE EVENT OF PAYOR'S TOTAL DISABILITY OR DEATH

1. Date Adopted: February 28, 2007
2. Purpose and Scope: The Standards for Waiver of Premium Benefits for Child Insurance in the Event of Payor's Total Disability or Death provide for premiums due for an insured child under an individual life insurance policy to be waived in the event of the payor's total disability or death under the terms of the policy. These standards apply to the benefit feature whether added to an individual life insurance policy by rider, endorsement or amendment or by incorporation into a policy form. These standards apply in addition to the general form requirements contained in the Standards for All Benefit Features.
3. Rules Repealed, Amended or Suspended by the Rule: None
4. Statutory Authority: Among the primary purposes and powers of the Interstate Insurance Product Regulation Commission ("IIPRC") 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.
5. Required Findings: None
6. Effective Date: May 31, 2007

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.

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:

- (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;

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- (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;
- (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

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- (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
 - (ii) 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.

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;
 - (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.