

**DATE:** July 31, 2012  
**TO:** IIPRC Management Committee  
**FROM:** Industry Advisory Committee  
**SUBJECT:** Group Term Life Policy/Certificate Standards Dated June 19, 2012

We are submitting the following updated set of comments which include the comments we submitted on July 16<sup>th</sup>, but also addresses a technically incorrect item (3) of the VARIABILITY OF INFORMATION provision on page 2.

### ***§1. ADDITIONAL SUBMISSION REQUIREMENTS***

#### ***B. VARIABILITY OF INFORMATION***

##### ***Page 2, Item (3)***

If we left this language alone, it would prevent insurance companies and their employers/Policyholders from making necessary changes to coverage, once issued. For example, it would ***not allow*** an employer/Policyholder who elects to increase benefits for all Covered Persons of a specified class to do so for in-force Covered Persons of that class, thus resulting in a discriminatory application of the increase. Additionally, the language would also ***not allow*** the employer/Policyholder with adverse plan experience to decrease benefits for all Covered Persons of specified classes, existing and new, in an effort to avoid premium increases, thus resulting in a discriminatory application of the decrease.

We believe that plan discrimination is not an intended consequence. Accordingly, we suggest the following substitution for item (3):

***“Variability may not be used unilaterally by the insurance company to change or modify in-force group coverage if such change or modification would have the effect of increasing premiums or decreasing benefits, unless the Policyholder or the insurance company has the right to effect such change or modification under the terms of the group coverage, or unless such change or modification is required by state or federal law.”***

It should be noted that if coverage is decreased, the right of the certificateholder to convert reduced amounts would be governed by the group policy/certificate.

## **§2. GENERAL FORM REQUIREMENTS**

### **A. POLICY AND CERTIFICATE STRUCTURE**

**Page 4, Item (3)**

At the end of the first sentence, the language should read “policy or *certificate*.”

### **B. CERTIFICATES**

**Page 4, Item (8)**

The word “how” should be deleted.

## **§3. POLICY AND CERTIFICATE PROVISIONS**

### **M. FILING A CLAIM**

**Page 17, Item (iii)**

In May, we suggested adding a new sub- item (iii):

“(iii) Alternatively, the *Covered Person* may complete an on-line claim form if such capability is made available by the insurance company.”

Previous sub-item (iii) becomes new sub-item (iv).

This change was not made, and we seek confirmation that if a company has such feasibility, that if such language is submitted it would be eligible for review and approval since the electronic process would be beneficial to consumers with access to a computer.

### **O. INCONTESTABILITY**

**Page 18, Item (1)(a)(iii)**

**Page 19, Item (1)(b)(iii)**

**Item (a)**

In the situations where a REINSTATEMENT provision will not be included, the words “or the date of last reinstatement” need to be variable so they may be deleted. To allow the variability, we suggest that the words be changed to say “or the date of last reinstatement, *if applicable*.”

***Item (1)(b)***

In the situations where a REINSTATEMENT provision will not be included, the words “or reinstatement of insurance” and “after the increase, benefit or reinstatement has been in force” need to be variable so that the first set of words may be deleted in their entirety and in the second set of words “”or reinstatement” may be deleted. To allow the variability, we suggest:

- that the first set of words be changed to say “or reinstatement of insurance, ***if applicable.***”
- That the second set of words be changed to say “after the increase, benefit or reinstatement, as applicable, has been in force....”.

We seek confirmation that companies will be allowed to file these words as variable.

***W. SUICIDE***

***Page 24, Item (1)(a)***

The semi-colon belongs after the quotation mark.

***§5. POLICY AND CERTIFICATE BENEFITS***

***C. CONVERSION***

***Page 2, Item (1)(c)***

Need to correct formatting.

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