



IIPRC-L-07-G-EG-GDB

**ADDITIONAL STANDARDS FOR GRADED DEATH BENEFIT FOR WHOLE LIFE
INSURANCE POLICIES AND CERTIFICATES FOR EMPLOYER GROUPS**

1. Date Adopted: December 3, 2023
2. Purpose and Scope: The Uniform Standards for Additional Standards for Graded Death Benefit for Whole Life Insurance Policies and Certificates for Employer Groups applies to graded death benefits that are built into group whole life insurance certificates or added to such certificates by rider, endorsement or amendment. These standards provide early duration reduced death benefits where the period during which benefits for death from natural causes are reduced relative to some ultimate amount is not more than three years.
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 Rules Repealed, Amended or Suspended by the Rule: None.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: April 1, 2024

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Table of Contents

<u>Provision/Section</u>	<u>Page</u>
SCOPE	3
§ 1 ADDITIONAL SUBMISSION REQUIREMENTS	3
A. General	3
B. Actuarial Memorandum Requirements	3
C. Variability of Information	3
§ 2 GENERAL FORM REQUIREMENTS	4
A. Cover Page	4
B. Specifications Page	4
§ 3 CONTRACT PROVISIONS	4
A. Death Benefit	4
B. Right to Examine	7

ADDITIONAL STANDARDS FOR GRADED DEATH BENEFIT FOR WHOLE LIFE INSURANCE POLICIES AND CERTIFICATES FOR EMPLOYER GROUPS

Scope: These standards apply to graded death benefits that are built into group whole life insurance policies and certificates or added to such policies and certificates by rider, endorsement or amendment. These standards provide early duration reduced death benefits where the period during which benefits for death from natural causes are reduced relative to some ultimate amount is not more than three years.

Mix and Match: These standards are available to be used in combination with State Product Components as described in § 111(b) of the Operating Procedure for the Filing and Approval of Product Filings.

Self-Certification: These standards are not available to be filed on a self-certification basis in accordance with the Rule for the Self-Certification of Products Filed with the Interstate Insurance Product Regulation Commission.

In addition to the *Uniform Standards for Whole Life Insurance Policies and Certificates For Employer Groups*, the following standards, as appropriate, apply:

§ 1. ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

- (1) If the certificate is for use with more than one plan, the submission shall include a separate set of uniquely numbered specification pages identified by a unique form number for each plan being submitted for approval, along with a separate actuarial memorandum for each plan. Examples of separate and distinct categories of plans would be those with a graded death benefit that is a percentage of the ultimate face amount, those with a graded death benefit that is equal to premiums paid plus interest, or those that are a combination of the two. Within each of those categories there may be plans with various premium-paying periods, such as 3 Payment Life with Graded Death Benefit or 10 Pay Life with Graded Death Benefit.

B. ACTUARIAL MEMORANDUM REQUIREMENTS

- (1) If the early duration reduced death benefit is equal to return of premiums with interest, the actuarial memorandum must describe and provide an example of how average amount of insurance is determined in calculating adjusted premiums for the nonforfeiture demonstration. The adjusted premium calculation may use annual premiums in calculating the death benefit for the average amount of insurance.

C. VARIABILITY OF INFORMATION

- (1) The company may identify product specifications within a plan that may be changed without prior approval, as long as the Statement of Variability presents reasonable and realistic ranges for the item.

§ 2. GENERAL FORM REQUIREMENTS

A. COVER PAGE

- (1) The certificate shall contain a brief description that shall appear in prominent print on the cover page of certificate or is visible without opening the certificate. With regard to the description required by *Group Whole Life Policy and Certificate Uniform Standards for Employer Groups* § 2C(7)(a), the brief description shall contain at least the following:
 - (a) A caption of the type of coverage provided; for example, whole life insurance certificate providing a limited benefit for death from natural causes in the first two certificate years with the ultimate face amount payable in the third certificate year and beyond.
- (2) The cover page shall include a statement in prominent print, “This certificate has a limited graded death benefit – Please read your contract carefully.”

B. SPECIFICATIONS PAGE

- (1) The specifications page shall show the annual premium and the dollar amounts of the early duration reduced benefits for death from natural causes and the ultimate face amount for each certificate year up until the year the ultimate face amount is payable. If the early duration reduced death benefit is equal to premiums paid plus interest, or according to some other simple calculation provided the result is no less than premiums paid plus interest, the specifications page shall describe the calculation and state any interest rate or other coefficient.
- (2) The specifications page shall include a statement that if death occurs as the result of an accident at any time while the certificate is in force, then the ultimate face amount shall be payable. The specifications page shall not display a death benefit payable due to natural causes and an additional death benefit payable due to accidental death, unless the accidental death benefit is referred to as a temporary accidental death benefit.
- (3) The tabular presentation of cash values and paid up nonforfeiture benefits, whether on the Specifications Page or otherwise, shall include a corresponding presentation of the early duration reduced benefits for death from natural causes and the ultimate death benefit for subsequent certificate years.

§ 3. CONTRACT PROVISIONS

A. DEATH BENEFIT

- (1) The certificate shall state that reduced early duration death benefits shall only be applicable to death from natural causes.

- (2) The certificate shall state that the full ultimate face amount will be paid for death at any time due to accidental causes. The certificate shall describe the conditions that shall be met to be eligible for the additional benefit due to death by accident (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 certificate 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 certificate 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”.
- (3) The certificate may include the following additional conditions to be eligible for the accidental death benefit:
 - (a) 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.
 - (b) A provision which states that the company reserves the right, at its expense, to request an autopsy unless prohibited by law.
- (4) The certificate 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; and
 - (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.
- (5) The certificate 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;

Additional Standards for Graded Death Benefit for
Whole Life Insurance Policies and Certificates for Employer Groups
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- (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 group whole life certificate;
- (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).

The certificate may include any other exclusions that may be approved by the Interstate Insurance Product Regulation Commission.

- (6) The period of reduced early duration death benefits for death from natural causes shall be not more than the first three certificate years.
- (7) The amount of reduced early duration death benefits for death from natural causes shall not be less than the amount of premiums paid to the time of death with interest at the rate used to determine nonforfeiture values under the certificate.

B. RIGHT TO EXAMINE CERTIFICATE

- (1) With regard to provision required by the *Uniform Standards for Whole Life Insurance Policies and Certificates For Employer Groups* § 3X(1), the Right to Examine Certificate provision appearing on the cover page or that is visible without opening the certificate shall include the following:
 - (a) a minimum of thirty (30) days beginning on the date the certificate is received by the owner.