

Product Standards Committee (PSC)  
Regulator Call Summary  
April 26, 2022

**Agenda Item 2.** Continue discussion of the Individual Disability Buy-Sell Uniform Standards

The PSC reviewed the items identified in the April 12 PSC call. Jason Lapham asked the Compact Office to contact the ACLI and ask them to respond to each item during the public call.

**Agenda Item 3. Begin discussion of the Disability Key Person Replacement**

The PSC noted items where clarification was needed.

The definition of “benefit payment methods” only refers to Total Disability, but the standard can provide coverage for partial disability.

The definition of “Total Disability” includes a reference to the insured being able to perform the duties of the occupation. There was also a reference to not working in any other occupation for the company. The reference to occupation seems vague. Members asked what is meant by “other” occupation.

PSC members noted a reference to “company” requiring that there is no reasonable job or worksite modification. It was not clear if “company” referred to the business or to the insurance company.

In Benefit Provisions, there is a reference to being disabled from the regular occupation while working in another occupation for the business. PSC members found this confusing and noted that “regular” occupation was not defined.

In the Termination Provision there was confusion about the date a Key Person loses eligibility for coverage for reasons other than disability coverage. It was unclear whether the insurer or the business is making the determination.

In the Permissible Limitations and Exclusions section, there is a reference to covered disability key person replacement expenses, but this term is not defined.

The PSC members noted several terms from the Disability Overhead Expense Uniform Standard and asked whether these terms apply to the Key Person Replacement draft:

- (12) Definition of Cost-of-living index
- (13) Definition of Cost of sales or services

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(27) Definition of partial and residual disability with benefit triggers described in terms of a reasonable reduction in the insured's work time or business income due to disability

(31) Definition of prior business income or pre-disability business income

D. Optional provisions (3) – change of occupation

H. Benefit Provisions (1) – Cost of living index guarantee

#### **Agenda Item 4. Update on the Uniform Standards Development Guidelines**

Karen Schutter provided an update on the Uniform Standards Development Guidelines which are under review by the Management Committee. Oregon asked for edits to the Guidelines. The Management Committee will consider the revised draft at its meeting in June.

#### **Agenda Item 5. Any Other Matters**

There will be a public call of the PSC on May 3 to receive public comments on the buy sell and key person replacement uniform standard drafts. There were no other matters.