



DATE: August 27, 2024
TO: Interested Parties
FROM: Product Standards Committee
RE: Public call to receive comments on the 5-year Review of the Group Disability Income Uniform Standards

The Product Standards Committee (PSC) reviewed the comments submitted by the ACLI and agreed to make two amendments to the *Group Disability Income Policy and Certificate Uniform Standards*.

The amendments are highlighted in red and are as follows:

The PSC suggested clarifying the section to make it clear that the maximum benefit period applies to mental or nervous disorders. The ACLI had no objections to the PSC amendment regarding the maximum benefit period:

§ 7. PERMISSIBLE LIMITATIONS OR EXCLUSIONS

O. MENTAL OR NERVOUS DISORDERS

- (1) Subject to the applicable law in the state where the policy is delivered or issued for delivery, *Disability* that results from *Mental or Nervous Disorders* may be limited or excluded. If coverage is to be limited, coverage shall be provided for a period specified in the certificate, not less than 12 months **or the maximum Benefit Period, whichever is less.**

The second item was the ACLI request to replace the section on benefit reductions regarding disability plans. The PSC reviewed the ACLI proposed language and suggested adding “if permitted by state law”.

§ 9. BENEFIT PROVISIONS

B. DISABILITY BENEFITS REDUCED ON ACCOUNT OF OTHER BENEFITS OR INCOME

~~(c) Disability benefits under state disability plans, such as California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island~~



(c) Benefits payable for disability under state or federal disability income plans, paid family and medical leave plans, or other similar governmental compulsory plans, **if permitted by state law.**

The ACLI requested that “if permitted” be replaced with “unless prohibited”. The PSC agreed to accept the suggested edit.

(c) Benefits payable for disability under state or federal disability income plans, paid family and medical leave plans, or other similar governmental compulsory plans, **unless prohibited by state law.**

ACLI Requests Where The PSC Did Not Recommend Changes

ACLI Comment on Mix-and-Match: We strongly advocate for updated mix-and-match procedures to allow for state-filed group applications and evidence of insurability (EOI) forms to be used with Compact filed products, as applicable, and vice versa.

Based on the information provided, the PSC did not see a basis to amend the uniform standards regarding mix and match for the group application and statement of insurability forms. The PSC discussed the request to allow state-approved applications/evidence of insurability forms to be used with the Compact-approved disability income policy. The Compact Office pointed out that the Compact uniform standards limit the look back period to the last ten years for diagnosis/treatment/testing for specific disorders and diseases, which may be different from state requirements and the Compact rate filings are reviewed based on the Compact standards. A request to lift the look back period limit in the individual disability income application standards did not move forward in 2018. The PSC asked why a company would not use the Compact-approved application and statement of insurability forms with state-filed products. The company could also file the state application/statement of insurability form with the Compact, but it would have to be modified to comply with the uniform standards.

ACLI comment on Grace Period: We suggest deleting the requirement that, if the Premium is not paid by the due date, the insurance company must give written notification to the policyholder that if the Premium is not paid by the end of the grace period, the policy will end on the last day of the grace period. This notice and clear details on when premiums are due is already included in the policy; insurers do not typically send a late or termination notice until after the end of the grace period. Policyholders have the grace period in which to pay their premium and it would be an administrative issue and non-standard if we had to send notices at the beginning of each grace period (when the premium is not yet late) as well as at the end of the grace period (when the premium is actually late).

Based on the information provided, the PSC did not see a basis to amend the uniform standards or the policy provision stating that a notice is to be provided if the premium is not paid by the end of the grace period. The uniform standard does not state that a separate notice needs to be provided during the grace period. The effect of nonpayment can be incorporated into the premium notice.



ACLI comment on Filing a Claim: In today’s digital and electronic claims environment, we suggest adding clarification under the “Filing a Claim” section that “...the insurance company will send the Covered Person certain claim forms” within 15 days includes providing electronic access to such forms within that timeframe.

The PSC reviewed the provision and noted that it is generic enough to permit a reference to electronic access and no amendment is needed. PSC members commented that electronic access is permitted but cannot be required as not all certificateholders have access to a computer.

ACLI Requests That Were Withdrawn

- Employer Groups expansion
- Evidence of Insurability Cost
- Offset for Secondary Employment
- Workplace Modification Benefit
- Date A Person’s Insurance Takes Effect
- Business Overhead Expense Benefits