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Interstate Insurance Product Regulation Commission (IIPRC)
Product Standards Committee (PSC)
444 North Capitol Street, NW
Hall of the States, Suite 700
Washington, DC 20001-1509
comments@insurancecompact.org

RE: Group Disability Income Uniform Standards

Members of the Product Standards Committee:

The American Council of Life Insurers (“ACLI”) appreciates this opportunity to comment on the suite of group disability income (DI) uniform standards that are being exposed during your Phase 10 Five-Year Review of Uniform Standards.

Our comments below are focused solely on the main set of standards - *Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups*.

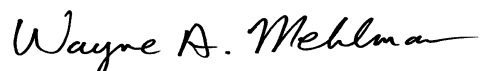
- **Employer Groups:** Applicability should be broadened beyond just employer groups. Until the applicability of group standards is broader than just employer groups, the group DI standards, as well as the Compact itself, is of limited value for those who routinely quote coverage for unions, METS, associations and other groups that do not have the traditional employer/employee relationship.
- **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. Most group applications contain references to group products other than the Compact-filed product, and they are filed in each state and contain various state variations. It is not possible to reconcile the Compact-version for use with all products with the state-filed versions and having two separate group applications and EOI forms (one for the Compact-approved product and one for all other state-filed products) is cumbersome and non-user friendly. Allowing mix-and-match would simplify this.

- **Evidence of Insurability:** Under the EOI section, we strongly suggest deleting the requirement that *“The cost of providing such evidence shall be borne by the insurance company.”* This is not standard in the DI industry and is a hardship for insurers. It is standard for insurers to bear the expense if we request an insured claimant to undergo additional medical exams or testing, but insurers do not generally pay for the expenses a group individual incurs to submit medical EOI to obtain coverage (which happens most frequently when an insured is a late entrant).
- **Mental Illness, Substance Abuse, Objective Medical Means (“Self-Reported), and Special Conditions:** We strongly suggest revising these provisions to follow what is standard in state filings – that these conditions can have a combined maximum payment duration with no individual minimums, as opposed to the current requirement that we can combine the maximum payment duration but must include language that the durations cannot be less than 12 months individually for Mental Illness, Substance Abuse, Special Conditions, or Self-Reported Conditions. Based on our experience, no state that allows these limitations prohibits a combined maximum benefit period or requires a 12-month minimum individually even when the overall max is combined, so we do not think that Compact should take this position.
- **Offsets:**
 - The offset that currently allows for *“Disability benefits under state disability plans, such as California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island”* needs to be expanded to include the medical benefits payable under state paid family medical leave (PFML) plans. We suggest broadening the exclusion to delete reference to the states and make it more inclusive, such as *“Benefits payable for disability under state or federal disability income plans, paid family and medical leave plans, or other similar governmental compulsory plans.”*
 - The offset for secondary employment is confusing and not standard in the industry. It allows offsets for income from secondary employment but also states that, *“however, if Disability begins after an increase in secondary employment income, the Disability benefit may or may not be reduced on account of such increase.”* It is our understanding that most carriers do not offset with income from secondary employment if such employment began prior to the date of Disability; the *“however”* caveat in the industry is an exception to this that a carrier would include as an offset *any increase in earnings* from the secondary employment occurring after the date of Disability.
 - For example, if someone is disabled from Employer A and has been working 10 hours per week for Employer B and continues this work while the person is disabled from Employer A, there would be no offset to the disability benefit for the income earned from Employer B. However, if after the date of disability from Employer A, the individual increased their hours with Employer B to 30 hours per week, the increase of 20 hours per week occurring after the date of disability from Employment A would be an offset. We do not believe that this is what the Compact standards currently allows (as it mentions a disability occurring after an increase in secondary income) and respectfully request reconsideration.
- **Workplace Modification Benefit:** We also request reconsideration that the Workplace Modification Benefit is only available for noncontributory plans. Based on our members’ experiences, this is only required in two states if filing directly with the states, so is not an industry “standard.” Also, there is a work-around within the product standards whereby insurers can add this for contributory plans if they make it part of the rehabilitation benefit. We, therefore, prefer that the guideline be changed to mirror what is most common in non-Compact state filings.

- **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.
- **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).
- **Date A Person's Insurance Takes Effect:** The product standard currently states that insurance will take effect "*on the day he resumes Active Work.*" We suggest expanding this to allow insurers the choice to instead delay the effective date until the day after the insured returns to Active Work for one full day, as is common in the industry.
- **Business Overhead Expense Benefits:** We advocate for adding standards for Business Overhead Expense Benefits to the group DI product standards so that it can be filed as an additional benefit within the disability filing, as other "additional benefits" are handled.

Thanks again for this opportunity to provide comments. If you have any questions, feel free to contact me at waynemehlman@acli.com or 202-624-2135.

Sincerely,



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