



Product Standards Committee List of Questions for ACLI

February 23, 2022

1. Can the ACLI provide the PSC with basic background on when these products (disability buy-sell and key person replacement) are appropriate, who is the owner, who is the insured, to whom benefits are paid?
2. As part of the background, can ACLI provide some background on the different types of buy sell agreements and how both life insurance and disability insurance are used to fund the agreements.
3. Members asked why the buy-sell agreement is referenced in the buy sell policy draft and why there is a requirement that the buy-sell agreement be in effect before claims are paid.
4. It was not clear from the draft how benefits in an individual disability income policy are affected when there is a claim under a buy-sell or key person replacement policy?
5. There was also a question as to why the reference to benefit reduction on account of other coverage was deleted in both drafts. For example, why would the existence of Policy A permit the carrier of Policy B to reduce the benefits required under Policy B?
6. There was a question why partial disability, residual disability and other types of disability are not included. If they only cover total disability, why?
7. Members asked about changes to common definitions that are used in other individual disability income uniform standards:
 - Active full-time work
 - Aggregate Benefit Amount
 - Benefit Period – added Benefit Factor
 - Business – added /Company
 - Occupation
 - Total disability