



IIPRC-DI-I-H11-AMEND

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STANDARDS FOR RIDERS, ENDORSEMENTS OR AMENDMENTS USED TO EFFECT INDIVIDUAL DISABILITY INCOME INSURANCE POLICY CHANGES CHECKLISTS APPLICABLE TO THE FOLLOWING PRODUCTS:

- **DISABILITY INCOME PLANS**
- **BUY-SELL PLANS**
- **KEY PERSON PLANS**
- **BUSINESS OVERHEAD EXPENSE PLANS**

Effective Date: November 19, 2018

Scope: The *Standards for Riders, Endorsements or Amendments Used to Effect Individual Disability Income Insurance Policy Changes* apply to riders, endorsements or amendments that are used to effect policy changes that have been requested by the owner for an individual disability income plan, buy-sell plan, key person plan or business overhead expense plan. Such policy change forms may be attached to the policy on the policy date of issue or after the policy date of issue.

As used in these standards, “disability income” means disability income plans, buy-sell plans, key person plans and business overhead expense plans that are individually underwritten, including such plans that are marketed to employer and association sponsored groups (“multi-life” plans), as applicable.

Mix and Match: These standards are not available to be used in combination with State Product Components as described in Section 111(b) of the *Operating Procedure for the Filing and Approval of Product Filings*, and these standards are not available to be used in combination with state-approved individual life insurance policies and annuity contracts.

Self-Certification: These standards are not available to be filed using the *Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission*.

Drafting Note: The references to “policy” or “plan” do not preclude Fraternal Benefit Societies from substituting “certificate” in their forms.

§ 1 ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

The following additional submission requirements shall apply:

Yes N/A

		(1) All forms filed for approval shall be included with the filing. Highlight changes to a previously approved form.
		(2) If the filing is being submitted on behalf of a company, include a letter or other document authorizing the firm to file on behalf of the company.
		(3) If the form contains variable items, include the Statement of Variability. The submission shall also include a certification that any change or modification to a

		variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.
		(4) Include a certification signed by a company officer that the form has a minimum Flesch Score of 50. See Appendix A of the respective disability income insurance product standards with which the form will be used for the Flesch methodology.
		(5) Include a listing by filing jurisdiction of the types of policies with which the form will be used, including the policy form numbers, the corresponding approval date for these policies and any filing identification number.
		(6) Include a statement whether the form will be made a part of the policy at issue or is intended for use after the date of issue of a policy, or both.

B. VARIABILITY OF INFORMATION

Yes N/A

		(1) The company may file a generic policy change form to accommodate all the policy changes required to reflect the underwriting needs of a company. To support the use of such form, the submission shall include a Statement of Variability providing information sufficient to identify the potential policy changes that may be made.
		(2) The company shall identify items that will be considered variable. The item shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change.
		(3) The policy changes to be made shall be consistent with the Statement of Variability filed for such policy change form and the Statement of Variability filed for the individual disability income insurance policy for which the change is being made, as well as the company’s underwriting guidelines for such policy.
		(4) Items such as officer titles and officer signatures may be denoted as variable and may be changed without notice or prior approval.

C. READABILITY REQUIREMENTS

Yes N/A

		(1) The text of the policy change form shall achieve a minimum score of 50 on the Flesch reading ease test or an equivalent score on any other approved comparable reading test. See Appendix A for Flesch methodology.
		(2) The text of the policy change form shall be presented in not less than ten point type, one point leaded.
		(3) The style, arrangement and overall appearance of the policy change form shall give no undue prominence to any portion of the text or section of the form.

D. FAIRNESS

Yes N/A

		(1) The policy change form shall not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, provisions that are against public policy as determined by the Interstate Insurance Product Regulation Commission, nor shall it contain exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the policy forms.
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§ 2 BENEFIT PROVISIONS

A. POLICY CHANGE FORM REQUIREMENTS

Yes N/A

		(1) The full corporate name of the company shall appear on the form.
		(2) At least one signature of a company officer shall appear on the form if it is added after the date of issue of the policy.
		(3) The form shall contain a statement that it is made a part of the policy, and that the form provisions apply in lieu of any policy provisions to the contrary.
		(4) A form identification number shall appear at the bottom of the form in the left hand corner. The form number shall be adequate to distinguish the form from all others used by the company. The form number shall include a prefix of ICCxx (where xx represents the year the form was submitted for filing).
		(5) The form shall include:
		(a) The policy number;
		(b) The name of the owner, if other than the insured;
		(c) The name of the insured for whom the change applies;
		(d) The policy change requested by the owner;
		(e) The resulting premium amount and optionally the change to the premium;
		(f) The effective date of the policy change; and
		(g) If the policy change has an expiry date or expiry age, the expiry date or expiry age for the policy change.
		(6) If the policy change eliminates or reduces benefits or rights under the policy, the form shall require the signature of the owner. A company may eliminate the signature requirement if it has supporting documentation, such as an application signed by the owner or a signed written request from the owner, supporting the policy change.

The Reviewer Checklist is intended for the sole purpose of assisting a company product filer ("User") in understanding the requirements of the applicable Uniform Standard(s) for IIPRC product filings. Users are hereby notified not to rely solely upon the Reviewer Checklist in preparing a product filing or in complying with the IIPRC Uniform Standards, Rules and Operating Procedures. The User also acknowledges there is a possibility of human, mechanical or technical error in the development, presentation or use of the Reviewer Checklist. The Interstate Insurance Product Regulation Commission (Commission) accepts no liability for any loss, cost or damage caused by use of this tool, including without limitation, direct or indirect, incidental, special, consequential or exemplary or punitive damages arising out of the use or inability to use the Reviewer Checklist. There are no warranties either express or implied and User specifically acknowledges the Commission does not warrant the truth, accuracy or completeness of the Reviewer Checklist.

Appendix A

Flesch Methodology

The following measuring method shall be used in determining the Flesch score:

- (1) For policy forms containing 10,000 words or less of text, the entire form shall be analyzed. For policy forms containing more than 10,000 words, the readability of two, 200-word samples per page may be analyzed instead of the entire form. The sample shall be separated by at least 20 printed lines.
- (2) The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.
- (3) The total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of 84.6.
- (4) The sum of the figures computed under (2) and (3) subtracted from 206.835 equals the Flesch reading ease score for the policy form.
- (5) For purposes of (2), (3), and (4), the following procedures shall be used:
 - (a) A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one word;
 - (b) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and
 - (c) A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. Where the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.
- (6) The term “text” as used in this section shall include all printed matter except the following:
 - (a) The name and address of the company; the name, number or title of the policy; the table of contents or index; captions and sub-captions; specifications pages, schedules or tables; and;
 - (b) Any policy language which is drafted to conform to the requirements of any federal law or regulation; any policy language required by any collectively bargained agreement; any medical terminology; any words which are defined in the policy; and any policy language required by law or regulation; provided, however, the company identifies the language or terminology excepted by the paragraph and certifies, in writing, that the language or terminology is entitled to be excepted by this paragraph. Date: 9/26/11 Adopted by the Commission
- (7) At the option of the company, riders, endorsements, applications and other forms made a part of the policy may be scored as separate forms or as part of the policy with which they may be used.