

Agenda Item 2. Receive report from the Group Disability Income Subgroup of the Product Standards Committee regarding drafting of Group Disability Income Uniform Standards.

Jason Lapham, Kansas, Chair of the Product Standards Committee (PSC), provided an update on the work of the Group Disability Income Subgroup. The Subgroup meets weekly. The focus of the calls to date has been on the development of the Core Group Disability Income Insurance Policy and Certificate Uniform Standards for Employer Groups, in particular the Scope and first four sections of the Uniform Standards. He explained that the purpose of this call is to receive public comments on the redlined draft of these provisions.

Agenda Item 3. Receive Public Comments on the SCOPE and §1 ADDITIONAL SUBMISSION REQUIREMENTS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.

The Chair noted that prior to the call, the IIPRC office distributed the redline draft of the Group Disability Income Uniform Standards. The changes that were made to the Scope were previously discussed during the public call on October 21, 2014. The Subgroup and the PSC made no additional changes to the Scope and were not recommending changes to the industry draft of §1 since it was consistent with other adopted Uniform Standards.

There were no comments or questions on this agenda item.

Agenda Item 4. Receive Public Comments on §2 GENERAL FORM REQUIREMENTS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.

The Chair noted that the Subgroup and the PSC were not recommending changes to the industry draft of § 2, since it was consistent with other adopted Uniform Standards.

There were no comments or questions on this agenda item.

Agenda Item 5. Receive any additional Public Comments on additional revisions to “Partial Disability” or “Residual Disability”, “Premium” and “Total Disability” in §3 TERMS AND CONCEPTS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.

The Chair stated that written comments related to §3 were received from the Industry Advisory Committee. Miriam Krol, ACLI, representing the Industry Advisory Committee, provided an overview of the key comments in this section.

- A. “*Actively at Work or Active Work*”. Ms. Krol asked if a company would be permitted to file a definition that included “on a *Full-Time* basis” and show the specified period of time in the definition of “*Full-Time*”. She stated that if this is permissible, there seems no reason to change the language and encouraged the PSC to leave the term “*Full-time*” within the definition. She observed that the language initially proposed by industry is in the Group Term Life Uniform Standards. She also noted that there is a difference between eligibility for coverage and benefit eligibility. She suggested the following addition to clarify the types of temporary business closures that would allow an “*actively at work*” status:

As used in this definition/concept, ‘temporary business closure’ shall include temporary closure required for reasons such as inclement weather, power outage, public health

agency orders, and only in situations where the policyholder has notified Covered Persons of such temporary closure.

- B. “*Covered Person*”. Industry supported the second option with revisions to clarify what they believe the intent and also to address policyholders who are employers. In Model 100, industry believes the phrase “of corporate employers” was intended to only modify the term “directors”. The following is the suggested revision is:

“*Covered Person*” means each person insured under the policy as defined by the policyholder. The definition/concept shall include all the Employees of the policyholder who is an employer (“policyholder/employer”), or all of any classes thereof; and may include:

- (a) the Employees, individual proprietors and partners of one or more affiliated corporations, proprietorships or partnerships if the business of the policyholder/employer and of the affiliated corporations, proprietorships or partnerships is under common control;
- (b) the retired Employees or former Employees of the policyholder/employer;
- (c) the directors of a corporate policyholder/employer; and
- (d) for a policy issued to insure Employees of a public body, elected or appointed officials.

- C. “*Elimination Period*”. Ms. Krol reiterated her prior comments from the last public call, noting that the federal Family and Medical Leave Act also requires exhausting all paid leave benefits first.
- D. “*Partial Disability*” or “*Residual Disability*” and “*Total Disability*”. Ms. Krol noted that since submission of their written comments, industry communicated with IIPRC staff and now has a better understanding of the regulators’ concerns. Upon further review, industry would like to revise these definitions and propose changes they hope will address the issues. Industry will submit written comments the week of January 19th.

Ms. Krol also emphasized the industry’s concern that deviation from language already included in the Group Term Life Uniform Standards could result in inconsistencies with combination policies and potentially impact company decisions to file with the IIPRC.

There were no further oral comments from other parties on this agenda item.

Agenda Item 6. Receive Public Comments on §4 REQUIRED PROVISIONS of the draft GROUP DISABILITY INCOME INSURANCE POLICY AND CERTIFICATE UNIFORM STANDARDS FOR EMPLOYER GROUPS.

Miriam Krol provided an overview of the industry’s key written comments in this section.

- A. *Claim Provisions, Item A.(2) To Whom Payable*. Ms. Krol noted that since submission of the written comments, industry communicated with IIPRC staff and has a better understanding of the concerns. Industry will submit suggested revisions based on language regarding legal impediments to payment of claims that is currently in the adopted Group Term Life Uniform Standards.

- B. **Claim Provisions, Item A.(4) Proof of Loss, sub-item (b).** Industry initially opposed the changes in this provision, but following further dialog with IIPRC staff, Ms. Krol stated that they would agree to the change if it does allow the insurance company to invalidate or reduce a claim if proof of loss could have reasonably been provided within the required time periods. Industry suggests that the provision be amended to add a reasonable cap on reduction of the claim. In response to questions about whether the reduction was for the initial claim or continuing proof of loss, industry stated the provision is referencing the initial proof of loss. Fred Nepple, of the Consumer Advisory Committee asked whether there were any limits on continuing *Proof of Loss*. Industry agreed to review sub-items(a)-(c) under *Proof of Loss* and provide suggested revisions.
- C. **Eligibility Provisions, Item (1)(d)(i).** Ms. Krol stated that the lead-in for (d)(i) and (ii) states “The provision may state” so changing the “may” to a “shall” within (d) (i) is conflicting. She also pointed out that this is a change from previously approved Group Term Life Uniform Standards.
- D. **Incontestability, Item (1)(b) Certificate Incontestability provisions, sub-item (ii.)** In response to the deletion of reference to the *Covered Person’s* Beneficiary, Ms. Krol stated that industry recommends changing it to “or to the *Covered Person’s Eligible Survivor* or personal representative, as applicable” since an “*Eligible Survivor*” may be designated for the Incidental Benefits.
- E. **Termination of Insurance under the Policy, Items (1) and (4).** Ms. Krol questioned the need for the revisions and noted they varied from adopted Group Term Life Uniform Standards. She observed that the insurance company is required to provide 31 days’ notice of termination, so it would appear fair that the policyholder should also be held to this timeframe. In reference to the requirement to refund overpayment within 30 days, she stated the number was arbitrary and asked what the consequence of failure to do so would be, specifically whether it could imply reinstatement. She stated that industry would support ending the sentence with “as soon as reasonably possible.”

There were no further oral comments from other parties on this agenda item

Agenda Item 7. Any Other Matters

The Chair requested that if any parties have additional feedback, they submit written comments to comments@insurancecompact.org. He stated that the PSC will review the comments and consider the revisions to these sections of the Uniform Standards. The Group Disability Income Subgroup will continue its review and development of the Uniform Standards with completion of its review of §5 REHABILITATION PROVISIONS and §6 OPTIONAL PROVISIONS, followed by review of § 7 PERMISSIBLE LIMITATIONS OR EXCLUSIONS and § 8 PROHIBITED LIMITATIONS AND EXCLUSIONS of the draft uniform standards. The PSC goal is to have recommendations to the Management Committee for adoption of these standards during the first half of this year. Public calls to discuss revisions will be scheduled as needed.