

**Draft: June 17, 2010**

**GROUP TERM LIFE INSURANCE STANDARDS FOR THE CONTINUATION  
OF INSURANCE BY WAIVER OF PREMIUM WHILE THE EMPLOYEE  
IS TOTALLY DISABLED (“WAIVER OF PREMIUM”)**

**Scope:** These standards apply to waiver of premium benefits that are built into group term life insurance certificates (“certificate(s)”) or added to such certificates by rider, endorsement or amendment. The waiver is for premiums due for a Covered Person in the event that the Employee becomes Totally Disabled under the terms of the certificate. These standards also accommodate a waiver of premium benefit that becomes available in the event that the Spouse becomes Totally Disabled.

As used in these standards, the following definitions apply:

“Waiver benefit” means the waiver of premium due for a Covered Person under the certificate.

Terms in these standards that are initially capped have the meanings specified in these standards and the Interstate Insurance Product Regulation Commission standards applicable for the group term life insurance policies and certificates.

**ADDITIONAL SUBMISSION REQUIREMENTS**

- (1) If the waiver benefit is filed as an attachment to a certificate and the certificate is not included in the submission, include a statement of whether the waiver benefit is intended for use with new issues and/or in force business.

**WAIVER BENEFIT PROVISION**

The provision shall describe the eligibility requirements for such a continuation, what life insurance amounts are eligible for continuation, the requirements for proof that the Employee has satisfied the conditions and requirements for such continuation, and when the continuation ends.

**BENEFIT**

- (1) The provisions may require that Total Disability begin before the Employee attains a specified age, not less than age 60.
- (2) The provisions shall define “Total Disability” or “Totally Disabled” on a basis not more restrictive than due to an injury or sickness the Employee is unable to perform the material duties of the Employee’s regular job and is unable to perform for remuneration or profit any other job for which the Employee is fit by education, training or experience.

- (3) If there is a specified period of time for which Total Disability must continue without interruption (the waiting period), the provisions shall specify such period and such period shall not be more than 12 months.
- (4) The provisions shall state how coverage under the certificate will be continued during the waiting period, such as continuation to be paid for by the Policyholder, continuation to be paid for by the Employee, conversion, etc.
- (5) The provisions shall state, if the Employee's life insurance is continued under the waiver of benefit, whether or not the Employee's Dependent life insurance will be continued under the waiver benefit or whether premium payment is required.
- (6) The provisions may state that if the Employee's life insurance is continued, the Employee may continue the Employee's Dependent life insurance, but premium payment is required. The Dependent continuation shall end if the required premium is not paid, if the Employee's continuation ends, if the Employee dies during the Employee continuation, or if the Dependent ceases to be eligible. If Dependent continuation ends, the Employee may have the right to convert such insurance to a policy of individual life insurance, as provided in the Conversion provision of the certificate.

#### **CLAIM PROCEDURES**

- (1) The provisions shall state to whom and when the Employee must provide notice of the Employee's Total Disability. The provision shall also state that failure to give notice within the specified time shall not invalidate or reduce any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.
- (2) The provisions shall state that after the waiting period ends, the Employee must send the insurance company, within a specified period, not to exceed 12 months, required proof of the Total Disability and that it has continued without interruption until the end of the waiting period. The provisions shall also state that failure to furnish such proof within such time shall not invalidate or reduce any claim if it shall be shown not to have been reasonably possible to furnish such proof within such time, provided such proof was furnished as soon as reasonably possible.
- (3) The provisions may state that the insurance company has the right to require a second or third medical opinion to confirm waiver benefit eligibility. The provisions shall state that the second or third medical opinions are at the insurance company's expense. The second medical opinion may include a physical examination by a physician designated by the insurance company. In the case of conflicting opinions, eligibility for waiver benefits shall be determined by a third

medical opinion that is provided by a physician that is mutually acceptable to the Employee and the insurance company.

- (4) The provisions shall state that the insurance company will send the Employee written notice advising if the Employee is approved for the continuation, and that premium payment shall not be required for the continuation.
- (5) The provisions may state that, after the initial approval, the insurance company may periodically request additional proof of continuing Total Disability, but shall not do so more than reasonably necessary.
- (6) The provisions shall state that if the Employee dies during the continuation period, Proof of Loss should be submitted to the insurance company after death. Proof of Loss includes supporting documentation that Total Disability continued without interruption from the date continuation started to the date of death. If the Employee had converted the continued coverage to an individual life insurance policy, the insurance company will pay the continued life insurance if the individual policy is returned.

#### **WHEN CONTINUATION ENDS**

- (1) The provisions may include the following conditions under which the Employee's continuation shall end. Such continuation may end at the earliest of:
  - (a) the date of the Employee's death;
  - (b) the date the Employee's Total Disability ends;
  - (c) upon the failure to provide Proof of Loss as requested;
  - (d) the Employee's refusal to be examined by a physician; or
  - (e) the expiration of a specified benefit period, such as 1 to 10 years, or the Employee's attainment of a specified age, not less than age 65.
- (2) The provisions may include the following conditions under which an Employee's continuation of Dependent coverage shall end. Such continuation may end at the earliest of:
  - (a) the date the required premium, if any, is not paid;
  - (b) the date the Employee's waiver benefit ends;
  - (c) the date the Employee dies; or
  - (d) the date the Dependent ceases to be eligible under the policy.

#### **CONVERSION**

- (1) The provisions shall allow the Employee to convert the Employee's continued life insurance if continuation ends, unless at such time the Employee has returned to Active Work in an eligible class and becomes insured under the policy or unless the Employee has already converted the life insurance that was being continued.

The Conversion provision of the certificate shall include the information regarding the conversion right.

- (2) The provisions shall allow the Employee to convert the Dependent's life insurance if such insurance ends. The Conversion provision of the certificate shall include the information regarding the conversion right.