



Supplemental Health, DI & LTC Conference

**The Latest on
IDI Product
and Innovation**



ENGAGE

EVOLVE

ELEVATE

2023



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Carrier and Distributor Actions

IDI Product Activity

IDI Evolution



Carrier and Distributor Actions

Entering and exiting the marketplace, plus new relationships, alter the IDI landscape

Carrier and Distributor Actions



- Oct. 2021 Re-entered IDI Market
- Recognized opportunity to offer consumers income protection
- Fills need to provide Agents a Proprietary IDI product
- Enhances protection product portfolio, that also includes life and long-term care products



- Exited the IDI Market on May 1, 2023
- All IDI policies must be paid for and delivered by July 31, 2023
- Contractually-permitted changes will continue to be honored according to the policy contract as long as it remains in force

Carrier and Distributor Actions



- Compact approved on March 15, 2023, an Individual Disability Income product that is guaranteed renewable to age 67 and conditionally renewable to age 70 if employed full-time.
- Provides for a graded benefit in the first two years of coverage for sickness and a non-graded benefit for Injury.
- Policy will be marketed directly to consumers via one-on-one direct agent solicitation or via online application.

Carrier and Distributor Actions



- May 2021 - Launched Haven Disability, new short-term DI product, issued by MassMutual
 - DTC and online application process streamlines the purchase experience
- June 2023 – Haven Disability product pulled from market



- April 2023 - Zinnia to acquire Policygenius and will continue to offer suite of online services under the Policygenius brand
- Deal opens opportunities for Zinnia's and Policygenius' combined 60+ carrier clients, 350 distributors/partners and 2M+ policyholders
- Offers IDI products from: MassMutual, Guardian, Ameritas, Assurity, Principal and The Standard



breeze.

- Oct. 2022 - Launched Breeze Agent Portal to streamline how agents sell disability insurance and critical illness insurance to consumers
- IDI Product Offerings from
 - Principal, Assurity, MassMutual, Guardian, The Standard and Ameritas
- Building Distribution Relationships with P&C Organizations such as
 - Appalachian Underwriters
 - National Association of Professional Insurance Agents (PIA)



IDI Product Activity

New Products And Comprehensive Updates Garner Attention and Interest From Producers and Other Carriers



- New Principal Income Protector
 - Up to \$30K Issue/\$35K Participation Limits based on underwriting
- Features and Benefits Highlights
 - Issue Ages 18-60 for single life and 18-64 for multi-life
 - **Offers Total Disability and True Own Occupation Disability**
 - Built-in features – Interrupted Elimination Period, Military Suspension, Recurring Disability, Rehabilitation Benefit, Transplant Surgery Benefit, Waiver of Premium Benefit
 - **No cost riders – Maximize Your Benefit (MYB), Annual Increase, MNSA, Presumptive Disability Benefit**
 - Optional (cost) riders – Catastrophic Disability Benefit, COLA, Death Benefit, Capital Sum Benefit, Supplemental Health Benefit, Residual Disability and Recovery Benefit, Short-Term Residual Disability Benefit
 - Discounts - Affiliation, Association, MNSA Rider, Multi-Life



- New DInamic Cornerstone
 - New Medical occupation classes
 - Suspension during unemployment provision
 - New to Age 67 benefit period allows for a to Age 67 coverage period (Noncancelable or Guaranteed Renewable to Age 67); all other benefit periods have a to Age 65 coverage period
 - 180-day successive periods of disability provision in both NC/GR policies
 - Benefit Increase Rider: exercise up to 6 mos. after option date
 - COLA options: 2%-6% compounded (2% floor) or 3% compounded tied to CPI-U
 - Lump Sum Savings Rider
 - Enhanced Residual and Plus Residual Disability Riders
 - **E-discount, 6% technology discount requires use of eApply, EZ App and eDelivery (stackable with other discounts)**



Berkshire



- Berkshire (Guardian) ICC16 18GI updates and Additional Monthly Benefit Rider approved by Compact on June 9, 2023
- Updated premiums for form ICC16 18GI based on:
 - New industry IDI Valuation Tables (IDI VT) and emerging company experience
 - Expected premium decrease of roughly 12%.
 - Base and partial rider rates with the following benefit periods have changed: Two years, To Age 65, To Age 67, To Age 70
 - Occupation class factors have been revised
 - Additional Monthly Benefit Rider (Form ICC23AMGI) has been added to this filing



- B180 and B180GSI updates approved by Compact on June 26, 2023
- Revisions include:
 - 7% reduction to the B180 base rates for males age 45-60, and a commensurate reduction to the gender-neutral base rates at the same ages, for all non-medical occupation classes
 - 35% increase to the B180 base rates for all Male rates and a 45% increase for all Female rates for occupation class 3D
 - Introduction of state-based factors for B180
 - **Introduction of the eApply discount (a 5% discount)**
 - Revised factors for the Indexed Cost of Living Benefit Rider.
 - Three new levels (5%, 15%, 20%) for the Preferred Occupation Discount; **now offer a 5%, 10%, 15% or 20% Discount**



IDI Evolution

Technology, Underwriting and Service Changes,
Benefit Updates, Etc. Will Shape the Future

IDI Evolution

Technology – Driving changes in all aspects of the business, most apparent with Underwriting, Service and Operation areas and discount benefits are beginning to accrue to policyowners



- June 2023 - Part B of Life and DI applications must be completed on-line or via tele-app
- Paper part B applications are no longer being accepted



- April 2023 - Standard introduces a new Electronic Medical Questionnaire on its eApp System
- The EMQ takes 30-40 minutes to complete and is expected to make the application process more convenient for clients and Brokers and also speed up the underwriting process
- June 2023 - E-apply Discount
 - **5% discount is available when applicants use The Standard's electronic application system when applying**
 - Discount is stackable with other discounts



- February 2022 - the Age and Maximum Benefit amount requirements for the EZ App platform were increased allowing more clients to apply for DI coverage using the system
- January 2023 - **E-discount**, new technology discount
 - Requires use of eApply, EZ App and eDelivery
 - **6% discount from sex-distinct rates**
 - Discount is stackable with other discounts

Policy Benefits – Contract endorsements and options improve overall competitiveness and gives clients additional coverage and/or choices to better tailor their IDI coverage



Berkshire

- New Berkshire (Guardian) endorsements for Policy Forms ICC16 18ID, ICC16 18UD, ICC16 18GI, ICC18 18OE approved by Compact on July 5, 2023



- ICC23 FTPC - Endorsement Amending “Full Time” Definition
- ICC23 FLPC - Suspension for Family Medical Leave
- ICC23 GAPC - Gender Affirmation Procedures Endorsement
- ICC23 VTPC - Waiver of Elimination Period for Act of Violence Endorsement
- ICC23 EPPC - Enhanced Portability Option Endorsement
- ICC23 GAOE - Gender Affirmation Procedures Endorsement



- December 2022 - Medical market clients can select between two disability definitions
 - True Own Occupation
 - Medical True Own Occupation
- April 2023 – Florida DOIR approved an increase to the maximum monthly benefit from \$20,000 to \$30,000



- February 2023 – Florida DOIR approved an increase to the multi-client discount from 10% to 25% and the company will offer this discount when there are at least three lives at the same company purchasing any qualifying Berkshire or Guardian disability product



I&P Limits – Higher wages, inflation, rising home prices and rents, plus overall cost of living, etc. pressuring carriers to increase their issue and participation limits to meet marketplace needs

MassMutual

- April 2022 – Increased issue and participation limits for 4A and 5A risk classes to \$35K/\$35K/\$30K
- Amounts vary by age, other risk classes and state



- July 2022 – Increased issue and participation limits to \$35K/\$35K/\$35K for Occ classes 5A and 4A. Issue and participation limits for 5P and 4P risk classes are \$30K/\$30K/\$35K
- Amounts vary by age, other risk classes and state

IDI Evolution



Occupation Classes – Updates needed for competitive DI offerings among traditional occupations and to meet DI needs of new/emerging occupations



- April 2023 - announced it will offer up to a 5-year benefit period for chiropractors; Simplified Underwriting is available up to \$3K/month to applicants under Age 60
- October 2022 – These occupations are now insurable for DI: Bar owner, bar employees, bartender, wait staff, boilermaker, direct sales or multi-level marketing company, freelance occupations, lineman/pole climber, logging laborers, medical intern, **social media influencer, YouTube content creator, blogger**, zoo attendant, breeder, feeder, groomer, trainer



- February 2023 – Offering DI coverage to part-time employees in the 2A+, 2M+, and 2D+ occ classes
- Part-time employees now eligible for residual benefits



IDI Evolution



- September 2022 - announced a range of Occupational Class Enhancements for Palliative (Hospice) Care Physicians, Pain Management Physicians, Therapists, Sales, Office Workers, Paralegals, Finance



- September 2022 – Preferred Occupation Discount is available for Attorneys on fully underwritten Platinum Advantage IDI policies; also includes Judges with law degrees



IDI Evolution



Unique product benefits and/or product combinations can address multiple customer needs in a single product

DI coverage for stay-at-home spouses:



DI coverage combined with life, LTC, and/or critical illness riders:



Guardian Introduces SafeGuard360™ Offering Holistic Protection in a Single Solution



StartSmart - Assurity's 3-in-1 insurance plan offers Term Life Insurance with coverage for critical illness and disability insurance into one affordable bundled plan that appeals to Millennials





Product features sourced from a third-party can ease a carriers' product development load and improve speed to market



Gen Re offers insurers a turnkey DI rider solution for life insurance products:

- Coverage for disability due to accident or sickness
- Package includes policy form, application, rates and administration oversight
- \$1,000 - \$3,000 monthly benefit can be offered



What is ahead – Trends in life insurance and annuities will continue to influence the IDI product line and may help accelerate product innovation and distribution strategies

- Consumer education about the need to protect their income/salary remains a top priority and IDI product names need to reinforce this effort
 - Take medical market approach and apply it elsewhere
- Technology will continue to improve the purchase experience by making the application, underwriting and service process easier and faster than it is today
 - Methods used with life insurance products will continually be adopted in some form with disability insurance products
 - Use of eHealth records, develop automated underwriting models, higher issue age and coverage limits before requiring labs, blood, etc.
 - Electronic application and administrative processes enhanced

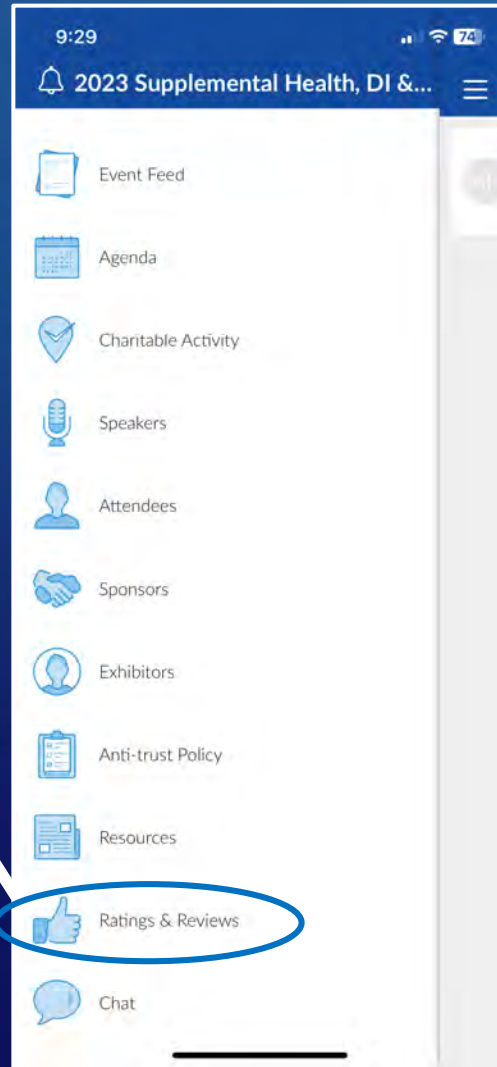


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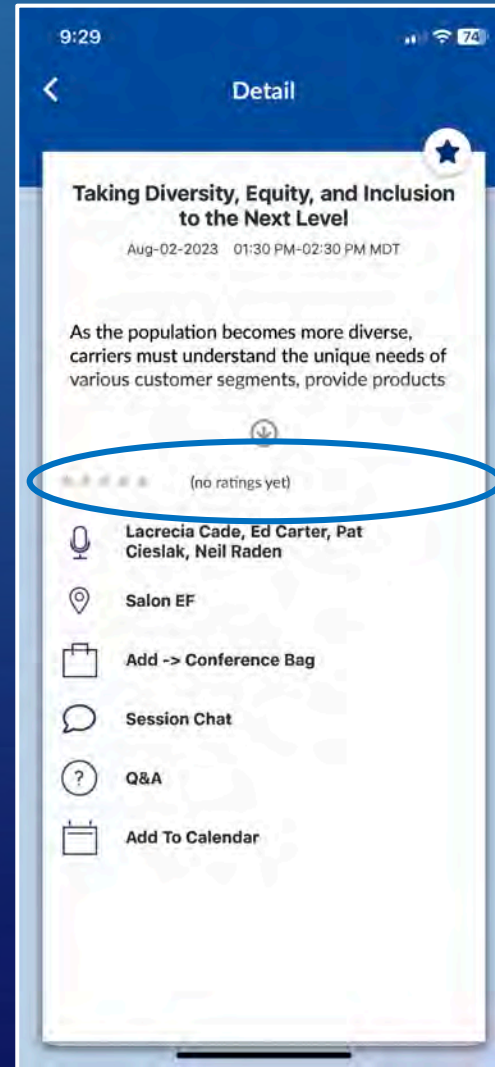
- Carriers will continue to modify and update their in-market IDI products until they reach a tipping point and design a new product
 - Constant monitoring of competitor activity is key for market intelligence and future product updates
- Innovative carriers will search out ways to combine features from multiple products in a new integrated offering
 - Guardian SafeGuard360 and Assurity StartSmart
- DI benefits may become more flexible to address a lifetime of income needs
 - As clients age and planning situation changes, can the disability income benefit transition to help address a possible future long-term care, retirement income and/or life insurance need

Please Provide Your Feedback on the Conference App

OPTION 1



OPTION 2



Thank You



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Appendix



- New DInamic Cornerstone
 - Product uses updated CSO and pricing assumptions
 - New Medical occupation classes:
 - 4P is for Anesthesiologists, ER, Gynecologists and OB/Gyns; Eligible for 2-year MNDA benefit and discounts apply to benefit
 - 4D is for General Dentists; Eligible for discounts and Own Occ for the entire benefit period; Limited to \$10K monthly benefit
 - Veterinarians now in medical occ classes; Small Animal Vets are 6M and Large Animal Vets are 4M
 - Suspension during unemployment provision
 - Client can suspend policy if becoming unemployed
 - New to Age 67 benefit period allows for a to Age 67 coverage period (Noncancelable or Guaranteed Renewable to Age 67); all other benefit periods have a to Age 65 coverage period



- Features and Benefits Highlights
 - Accumulation period now included – elimination period must be satisfied within the uninterrupted period of consecutive days
 - Two-Year Own Occupation
 - Any reasonable occupation thereafter, except B Occ class
 - Reinstatement permitted within six months of policy lapse
 - 180-day successive periods of disability provision in both NC/GR policies
 - Benefit Increase Rider – No cost; exercise up to 6 mos. after option date
 - Rates, definitions and discounts of base policy carry over to increases; coverage can be increased to max I&P limits
 - Six-year window (3rd and 6th ann.) to take/apply for increase
 - To keep rider active client must apply and provide income verification once in six-year window, or if there is an increase offer, the client must accept at least 50% of the amount



- Features and Benefits Highlights
 - COLA options
 - 2%-6% compounded (2% floor)
 - 3% compounded tied to CPI-U to a max of 3% (no minimum)
 - Lump Sum Savings Rider
 - Client gets lump sum at Age 60
 - Sum of qualifying payments is 12 times the monthly benefit
 - Benefit paid at Age 60 equals 25% of the qualifying payments paid over the life of the policy up to and including Age 60
 - Enhanced Plus Residual Disability Rider
 - Enhanced Residual Disability Rider



- Features and Benefits Highlights
 - E-discount, new technology discount
 - Requires use of eApply, EZ App and eDelivery
 - 6% discount from sex-distinct rates
 - Discount is stackable with other discounts
 - Mental/Nervous, Drug and Alcohol (two-year limitation)
 - Coverage up to the max benefit period for NC policies with occ classes: 6A-3A and 6M-4M and 4D
 - Not available on NC policies with occ classes: 4P, 3M, 2M, or 2 A; Not available on Guaranteed Renewable policies
 - 5% or 10% discount available depending on benefit period

Policy Benefits – Contract endorsements and options improve overall competitiveness and gives clients additional coverage and/or choices to better tailor their IDI coverage



Berkshire



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 - ICC23 FTPC - Endorsement Amending “Full Time” Definition - This endorsement would amend the policy when the insured does not work the traditional 30 hours per week. This endorsement contains variability for 15-29 hours per week.
 - ICC23 FLPC - Suspension for Family Medical Leave Endorsement - This endorsement would allow an insured who qualifies for FMLA benefits to suspend their policy should they meet the required criteria.
 - ICC23 GAPC - Gender Affirmation Procedures Endorsement - This endorsement would amend the policy to include any disability which results from gender affirming surgery to the list of compensable claims.
 - ICC23 VTPC - Waiver of Elimination Period for Act of Violence Endorsement - This endorsement would waive the Elimination Period if the claimant’s disabling condition is the result of an act of violence.
 - ICC23 EPPC - Enhanced Portability Option Endorsement - To be issued with Policy Forms ICC16 18ID and ICC16 18UD only. This endorsement would allow an insured to increase their base coverage if they lose their group coverage. The insured must be a W-2 employee.
 - ICC23 GAOE - Gender Affirmation Procedures Endorsement - This endorsement would amend the policy to include any disability which results from gender affirming surgery to the list of compensable claims

IDI Evolution

Policy Benefits – Contract endorsements and options improve overall competitiveness and gives clients additional coverage and/or choices to better tailor their IDI coverage



- December 2022 - Medical market clients can select between two disability definitions
 - True Own Occupation - If a medical professional is totally disabled, unable to perform the substantial and material duties of their regular occupation, and they choose to work in an occupation other than the regular occupation at the time of onset of disability, they will be eligible to receive their full monthly benefit for total disability regardless of the income they earn from working in the new occupation.
 - Medical True Own Occupation - If a medical professional is unable to perform the substantial and material duties of their regular occupation which generate 50% or more of their direct patient care billings (e.g., procedural duties), but they are still able to perform one or more of the other substantial and material duties of their regular occupation (e.g., clinical duties), they can choose not to work and still be eligible to receive their full monthly benefit.