

National Association for Critical Illness Insurance

July 25, 2016

CC:PA:LPD:PR (REG-135702-15),
Internal Revenue Service
PO Box 7604
Ben Franklin Station
Washington DC 20044

RE: RIN 1545-BN44
RIN 1210-AB75
RIN 0938-AS93

Ladies and Gentlemen:

The Department of the Treasury, Department of Labor, and Department of Health and Human Services (The "Departments") recently released a tri-agency proposed regulation related to Expatriate health Plans, Expatriate health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance. The National Association for Critical Illness Insurance (NACII) is taking this opportunity to provide comments and suggestions to the tri-agency proposed regulation. NACII is a national organization focused on bringing together representatives throughout the critical illness industry to share knowledge, disseminate research and regulatory information, and to provide members a forum for informed discussions regarding Critical Illness Insurance.

NACII understands the concerns and issues being raised in the proposed regulation and we support some of the suggestions and proposals. In the preamble of the proposed regulation, the Departments requested comment on two specific areas relating to Specified Disease Coverage, of which Critical

Illness is a subset. We are taking the opportunity to provide comments in accordance with that request.

Disclosure Notice: With regard to Excepted Benefits, and with specific concern about Specified Disease Coverage, the Departments expressed concern that individuals who purchase a specified disease policy covering multiple diseases or illnesses may incorrectly believe they are purchasing comprehensive major medical coverage. We understand your concern; however, we believe that the potential for misunderstanding is extremely low with regard to critical illness coverage. This particular type of insurance coverage is not designed to provide primary coverage for medical care. Rather it is intended as a means of protecting the insured from the substantial burden created by ancillary expenses that are commonly experienced when someone is diagnosed with a critical illness. This would include lodging and travel to disease-specific centers of excellence distant to the insured's primary residence, lost wages of a companion caregiver, extended child-care support, etc. When properly sold, consumers should not confuse this product with comprehensive major medical coverage.

NACII is a strong advocate for efforts to eliminate any potential for consumer confusion. Although we believe that the risk of mistaking critical illness insurance to be comprehensive medical insurance is extremely low, we are nonetheless very much in favor of appropriate disclosure notices so as to reinforce to the buyer the specific nature of the coverage purchased. NACII supports the inclusion of notification language on both individual and group policies to reinforce that critical illness insurance is not qualifying health coverage ("minimum essential coverage") that satisfies the health coverage requirement of the Affordable Care Act. NACII supports the disclosure language concept that has been adopted by many states in their regulation of critical illness insurance. We believe that the Departments can reduce any remaining confusion by creating uniform language that would be used in all states for this purpose.

Multiple Diseases or Illnesses: NACII is very concerned about any revision to regulations that would limit critical illness coverage to a single disease or illness. One cause for concern is that such a limitation might actually increase a policyholder's confusion as to the nature of the coverage purchased. Specifically, we are concerned that if only one condition is covered, the insured might assume that they have comprehensive insurance with regard to that single condition. As noted above, we support a notification requirement which would likely eliminate this concern. However, we also strongly support the current approach to allowing supplemental coverage to be provided upon the diagnosis of a number of diseases or illnesses.

Critical illness insurance is an especially important type of insurance in the supplemental benefits marketplace. NACII strongly advocates that an insured should first obtain qualifying health coverage and should then address other primary insurance needs such as life insurance and/or disability income

insurance. Once these primary needs have been met, an array of supplemental coverages are available to provide further financial protection. Critical illness insurance is a very important part of that array of options in that it provides important financial support when an insured suffers the misfortune of being diagnosed with a major critical condition such as cancer, heart attack, kidney failure, and/or other conditions. The financial need exists upon diagnosis of many illnesses or diseases and thus limiting the coverage to a single condition would drastically and unnecessarily reduce the financial protection currently afforded to consumers.

NACII is an industry education organization with four key objectives:

- To sponsor and promote practical skill-based education programs
- To engage in active information dissemination and publishing activities to increase knowledge and understanding of critical illness
- To serve as an active liaison to provide research and data analysis of critical illness and related subjects
- To work in collaboration with organizations to develop an understanding of the need for critical illness coverage

We appreciate the opportunity to share our comments with the Departments. We thank you for your time to read our feedback. We are available to answer any questions you have. We can be reached at the e-mail addresses shown below.

Respectfully submitted,



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