

Group disability

# Disability income claims procedures

The Department of Labor (DOL) published a final rule on disability income claims procedures in late 2016. The rule has been reviewed and is effective without changes as of April 1, 2018. Principal® has identified and addressed any needed changes to forms and procedures. Our existing practices are well-aligned with the standards needed to be in full compliance.

These standards are summarized below for all claims filed on or after April 1, 2018.

## **Independence and impartiality**

No employment-related decision may be made based on how claims personnel handle benefit decisions.

- The procedures and standards for claims analysis at Principal have always been fully impartial and objective. We continually work with our consultants to require procedures and standards that assure impartiality in all claims evaluations.

## **Full discussion of basis for denials**

Communications relating to claim denials and denials on appeal must contain a thorough disclosure and discussion of the reasons and basis for the decision.

- Current letters and processes from Principal meet the standard established in the rule. We continually reinforce these practices and standards through ongoing refresher training.

## **Right to access documents, present evidence and provide testimony**

New information that develops in the course of a claims appeal must be shared with the claimant as soon as possible, and the claimant must be given the opportunity to review and respond, before any final decision is made.

- Principal has always provided claimants with an opportunity to provide input during the claim and claim appeal process. Based on standards in the rule, we've made minor adjustments to deadlines and procedures to assure claimants are provided with information generated during the appeal process, and are given adequate time to respond to any new information at any point in the claims process.

### **Right to seek immediate court review**

If the plan fails to establish or follow claims procedures consistent with the requirements of the rule, a claimant may proceed to file suit in court under ERISA without first exhausting all administrative remedies.

- Very few claims reach the point of litigation and our best response is to continue our robust processes for quality assurance to minimize this outcome.

### **Certain rescissions treated as adverse benefit determinations**

The definition of an “adverse benefit determination” has been expanded to include any retroactive rescission of coverage other than for failure to pay premiums or contributions.

- Principal already meets this standard and fully outlines the claimant’s rights under ERISA in its rescission letters.

### **Notices and disclosures in culturally and linguistically appropriate form**

Certain translation notices and services must be offered in connection with certain claims communications where local populations meet defined standards for literacy in non-English languages.

- Principal plans to expand its existing translation services to comply with the rule.

### **Description of applicable contractual limitations periods**

Contents of an appeal-uphold determination letter must notify a claimant that he or she has the right to sue under ERISA and describe any contractual statute of limitations periods in the plan and the specific calendar date on which such limitation periods will expire.

- Letters from Principal already contain this standard information.



Disability insurance issued by Principal Life Insurance Company, Des Moines, Iowa 50392-0002

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