



IIPRC-L-04-I
AMENDMENT TO INDIVIDUAL TERM LIFE INSURANCE POLICY STANDARDS

1. Date Adopted:
2. Purpose and Scope: The proposed amendments would:
 - a. Clarify the conditions for reinstatement of the policy and payment of overdue premium; and
 - b. Specify the availability of the mix and match and self-certification processes.

The purpose of this rule is to establish reasonable uniform standards for Individual Term Life Insurance products filed with the Interstate Insurance Product Regulation Commission (“IIPRC”). These standards cover traditional forms of individual term life insurance, including renewable term for various term periods, term to a specified age, and decreasing term insurance. Deposit term plans, plans that provide joint and last to die survivorship coverage, plans sold in connection with pre-need funeral arrangements, plans providing early duration reduced benefits, or plans providing return of premium benefits are outside the scope of these standards.

3. Rules Repealed, Amended or Suspended by the Rule: This rule amends the Individual Term Life Insurance Policy Standards adopted by the IIPRC August 27, 2008.
4. Statutory Authority: Among the IIPRC’s primary purposes and powers is to establish reasonable uniform standards for insurance products covered under the Interstate Insurance Product Regulation Compact (“Compact”), specifically pursuant to Article I §2, Article IV § 2 and Article VII § 1 of the Compact, as enacted into law by each IIPRC member state.
5. Required Findings:
6. Effective Date:

INDIVIDUAL TERM LIFE INSURANCE POLICY STANDARDS

Scope: These standards are intended to apply to traditional forms of individual term life insurance, including renewable term for various term periods, term to a specified age, and decreasing term insurance.

Deposit term plans, plans that provide joint and last to die survivorship coverage, plans sold in connection with pre-need funeral arrangements, plans providing early duration reduced benefits, or plans providing return of premium benefits shall not be submitted under these standards.

Mix and Match: These standards are available to be used in combination with State Product Components as described in Section 110(b) of the Operating Procedure for the Filing and Approval of Product Filings.

Self-Certification: These standards are not available to be filed on a self-certification basis in accordance with the Rule for the Self-Certification of Products Filed with the Interstate Insurance Product Regulation Commission.

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As used in these standards the following definitions apply:

“Cash value” is the guaranteed cash value for the plan of insurance.

“Cash surrender value” is the cash value reduced by indebtedness.

Drafting Notes:

Other terms may be used in the policy provided that they are used consistently.

The references to “age” and “insured” do not preclude joint plans. It is intended that additional provisions will be added to the Specialized Products/Marketing section to address joint first to die coverage.

The references to “policy” do not preclude Fraternal Benefit Societies from substituting “certificate” in their forms.

§ 1 ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

A. GENERAL

- (1) ~~All~~ Include all forms filed for approval ~~shall be included~~ with the filing. Changes to a previously approved form shall be highlighted. The specifications page of a policy shall be completed with hypothetical data that is realistic and consistent with the other contents of the policy and any required actuarial memorandum in support of nonforfeiture values.

- (2) If a filing is being submitted on behalf of a company, include a letter or other document authorizing the firm to file on behalf of the company shall be included with the filing.
- (3) If the filing contains an insert page, include an explanation of when the insert page will be used ~~should be included in the filing~~.
- (4) If the specification page of the policy contains variable items, ~~the submission shall~~ include the Statement of Variability. The submission shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.
- (5) Include a certification signed by a company officer that the policy form has a minimum Flesch Score of 50.
- (6) A~~Include a~~ description of any innovative or unique features of each policy form.
- (7) State whether the policy is sex-distinct or unisex. If sex-distinct, the company shall confirm that the policy will not be issued in any employer-employee plans that are subject to the *Norris* decision and/or Title VII of the Civil Rights Act of 1964.
- (8) Include a~~A~~ appropriate policy pages completed for each type of rating used by the company; for example, percentage of standard class premium, extra premium, temporary or permanent flat charge per \$1,000 to demonstrate how the policy will disclose the rates and charges applicable to each type of rating class. This is not intended to require pages for all rating classes, but only examples of each type of rating applied by the company.
- (9) If the policy is for use with more than one term plan, ~~the submission shall~~ include a separate set of uniquely numbered specification pages for each term plan being submitted for approval, along with a separate actuarial memorandum for each plan.

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The remaining portions of §§ 1, 2 and 3 are not affected by the proposed amendment.

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§ 3 POLICY PROVISIONS

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T. REINSTATEMENT

- (1) The policy shall contain a reinstatement of the policy provision with respect to policies for which the grace period has elapsed for nonpayment of premiums provision if the policy has not been surrendered or the nonforfeiture benefit period has not expired and include the conditions of the reinstatement.

(2) The condition for reinstatement shall include the maximum period during which reinstatement is allowed, which shall not be less than three years from the date of lapse.

(3) Evidence of insurability may be required.

(4) Payment of all overdue premiums may be required unless:

(a) ~~The company requires evidence of insurability; and~~

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(b) ~~The premium for the reinstated policy is comparable to that of a policy issued at the insured's attained age; and~~

(c) There has been no nonforfeiture benefit insurance coverage in place during the reinstatement period.

~~Under those circumstances only. If (a), (b) and (c) are all true, payment of no more than one~~ month's premium to cover the grace period may be required. Interest may be charged on overdue premiums at a rate not exceeding 6%.

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(5) If applicable, repayment/reinstatement of any policy loan may be required with interest rates not exceeding the interest rates as permitted in the loan provision of the policy.

(6) With respect to any reinstated policy, the following applies:

(a) With respect to statements made in an application for reinstatement, the policy is incontestable after it has been in force during the insured's lifetime for two years beginning with the day of reinstatement. The contestable period is based only on statements in the reinstatement application, unless the original contestable period has not yet expired. The reinstated policy may include an exception to the incontestability provision for fraud in the procurement of the reinstated policy when permitted by applicable law in the state where the policy is delivered or issued for delivery.

(b) The suicide exclusion shall not exceed two years from the day of reinstatement.

(c) If a policy contains a reinstatement provision or other policy provision that references the subject matter of Paragraph (6)(a) and/or (6)(b), the policy references shall be consistent with (6)(a) and/or (6)(b).

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The remaining portions of § 3 are not affected by the proposed amendment.

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