



IIPRC-L-08-LB-I-Index

[https://insurancecompact.org/compact\\_rlmkng\\_record.htm](https://insurancecompact.org/compact_rlmkng_record.htm)

**ADDITIONAL STANDARDS FOR INDEX-LINKED CREDITING BENEFIT  
FEATURES FOR INDIVIDUAL ADJUSTABLE LIFE POLICIES**

Effective Date: March 5, 2015

**Scope:** These standards apply to index-linked crediting features that are built-in to individual nonvariable or the general account portion of variable adjustable life policies.

**Mix and Match:** These standards are available to be used in combination with State Product Components as described in Section 111(b) of the Operating Procedure for the Filing and Approval of Product Filings ([https://insurancecompact.org/compact\\_rlmkng\\_record.htm](https://insurancecompact.org/compact_rlmkng_record.htm)). Please note that this applies to the entire state or Compact approved forms and NOT to particular provisions contained within such forms. Submit the following:

1. STATEMENT OF INTENT indicating the intent to use one or more State Product Components with a Commission Product Component. The Statement of Intent must identify the Compacting State(s) wherein the combined Product Components will be offered or sold, and sufficiently identify for each of such Compacting State(s) the State Component(s) that will be used with the Commission Component by listing the form numbers and Compacting State approval dates; and
2. CERTIFICATION stating that the combination of a Commission Component and a State Component does not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, or exceptions or conditions that unreasonably affect the risk purported to be assumed. The Certification must be signed by a company officer. This Certification shall not give rise to any presumption that the combination of Product Components, in fact, meets this standard for purposes of any action by the Commissioner of a Compacting State to prohibit the combined use of a Commission Product Component with a State Product Component. [https://insurancecompact.org/industry\\_resources.htm](https://insurancecompact.org/industry_resources.htm)

**Self-Certification:** These standards are not available to be filed using the Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission.

Filing Information Notice (FIN) 2009-4 provides more guidance regarding the submission of filings using the “Mix and Match” process: <https://www.insurancecompact.org/fin.htm>

**§1 ADDITIONAL SUBMISSION REQUIREMENTS**

**A. GENERAL**

**YES    NA**

		(1) The actuarial memorandum submitted with the form shall include the following information:
		(a) A description of the index or indices used as the basis for the interest credited to the policy, and all elements used in determining the credited rate from an index, including but not limited to, index-linked interest caps, participation rates, index allocations, interest allocations, periods, terms, floors, and margins. Any

		guarantees or ranges associated with these elements shall be included;
		(b) An example showing the derivation of the credited rate based on an assumed value of each index and crediting method available under the policy; and
		(c) An opinion statement that the company's investments backing the policy are appropriate considering the index used and including confirmation that this opinion is based on the actuary's review of the Company's documented investment policy as it relates to index-linked insurance policies.

**B. VARIABILITY OF INFORMATION****YES    NA**

		(1) The following items shall only be changed upon prior approval:
		(a) Index or indices used in determining the credited rate.
		(2) Guaranteed elements used in determining the credited rate from an index may be changed for new issues without prior notice or approval, as long as the Statement of Variability presents reasonable and realistic ranges for each guaranteed element. At issue a single value within the range filed for the guaranteed element shall be applicable for the life of the policy. Any change to the range filed for a guaranteed element requires a refiling for prior approval and shall be accompanied by a demonstration, if applicable, signed by a member of the American Academy of Actuaries, that the policies issued within the new range comply with Section 6A of the NAIC Universal Life Insurance Model Regulation, model #585, or with the minimums required by the NAIC Variable Life Insurance Regulation, Model #270 using Actuarial Guideline XXIV for the general account portion of variable adjustable life policies.

**§ 2 GENERAL FORM REQUIREMENTS****A. COVER PAGE****YES    NA**

		(1) The policy shall contain a brief description that shall appear in prominent print on the cover page of the policy or is visible without opening the policy. The brief description shall contain at least the following information:
		(a) A caption of the type of insurance coverage provided; for example, flexible premium adjustable life policy with an index-linked interest option. If the index account is not optional, then flexible premium adjustable life policy with index-linked interest.
		(b) Disclosure that while policy values may be affected by an external index or indices, the policy, or the general account in the case of a variable life policy, does not directly participate in any stock or equity investment, if applicable.

**B. SPECIFICATIONS PAGE****YES    NA**

		(1) The specifications page of the policy shall include the index or indices used.
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		(2) The specifications page shall include any guaranteed elements used in determining the credited rate from an index and a statement, if applicable, that:
		(a) Index-linked returns do not include the portion of returns generated by the underlying index that come from dividends; and
		(b) The elements used in determining the credited rate from the index are not guaranteed and can be changed by the company, subject to the guarantees in the policy or applicable to the general account of the variable life policy, and that any such changes can affect the return.
		(3) The guaranteed interest rate shall be stated numerically, if possible, or, if not, by formula.
		(4) Values of any elements used in determining a credited rate from an index and which are used in determining the account value, cash value, cash surrender value, or death benefit and are stated in the policy shall be guaranteed. Values of nonguaranteed elements shall not be included in the policy.

**§3 POLICY PROVISIONS****A. AMENDMENTS****YES    NA**

		(1) The policy may provide for amendments made pursuant to the Discontinuation of or Substantial Change to an Index section of the standards. The change shall be made by the use of an endorsement subject to the applicable prior approval requirement.
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**B. NONFORFEITURE VALUES—POLICY PROVISIONS****YES    NA**

		(1) The policy shall indicate which elements are guaranteed and which may be changed at the discretion of the company. The policy shall also indicate that the right to change any of these elements is subject to any guarantees with respect to the element and that any change shall be based on future anticipated experience.
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**C. DISCONTINUATION OF OR SUBSTANTIAL CHANGE TO AN INDEX****YES    NA**

		(1) The policy shall contain a provision indicating what occurs when any index is discontinued or the calculation of an index is substantially changed, with the provision being labeled as such. The provision shall state that if the index is discontinued or if the calculation of the index is changed substantially, the company may substitute a comparable index subject to approval by the Interstate Insurance Product Regulation Commission (IIPRC). The policy shall also specify that, before a substitute index is used, the company shall notify the owner and any assignee of the substitution.
		(2) The approval shall be contingent on the company providing the IIPRC with either confirmation that the index has been discontinued or documentation of the substantial change to the index and the reasons supporting the need for the index to be discontinued.

Date: 3/5/2015

Additional Standards for Index-Linked Crediting Benefit Features  
For Individual Adjustable Life Policies

The Reviewer Checklist is intended for the sole purpose of assisting a company product filer ("User") in understanding the requirements of the applicable Uniform Standard(s) for IIPRC product filings. Users are hereby notified not to rely solely upon the Reviewer Checklist in preparing a product filing or in complying with the IIPRC Uniform Standards, Rules and Operating Procedures. The User also acknowledges there is a possibility of human, mechanical or technical error in the development, presentation or use of the Reviewer Checklist. The Interstate Insurance Product Regulation Commission (Commission) accepts no liability for any loss, cost or damage caused by use of this tool, including without limitation, direct or indirect, incidental, special, consequential or exemplary or punitive damages arising out of the use or inability to use the Reviewer Checklist. There are no warranties either express or implied and User specifically acknowledges the Commission does not warrant the truth, accuracy or completeness of the Reviewer Checklist.