NOTICE OF PROPOSED RULE

Date Issued: March 1, 2007

Proposed Uniform Standards: Individual Single Premium Joint Last to Die Survivorship Term Life Insurance Policy Standards and Amendments to Adjustable Life Standards

(1) Purpose of Proposed New Rule: The Individual Single Premium Joint Last to Die Survivorship Term Life Insurance Policy Standards (the “Proposed Standards”) specify additional submission requirements, form requirements and policy provisions for traditional forms of individual single premium joint last to die survivorship term life insurance, including various term periods, term to a specified age, and decreasing term insurance, which provide that the death benefit is payable upon the death of the last surviving insured to die. The Proposed Standards include required and optional provisions for applicable policy forms, such as any applicable exclusions, death benefit proceeds, grace period, incontestability, loans and right to examine.

Certain portions of the Proposed Standards are also proposed to be conforming amendments to each of the uniform standards promulgated by the Interstate Insurance Product Regulation Commission (“IIPRC”) on December 8, 2006: Flexible Premium Adjustable Life Policy Standards, Joint Last to Die Survivorship Flexible Premium Adjustable Life, Flexible Premium Variable Adjustable Life, Joint Last to Die Survivorship Flexible Premium Variable Adjustable Life, and Modified Single Premium Adjustable Life.

The portions of the Proposed Standards recommended as conforming amendments are set forth in items (A) through (F) as follows. The page numbers provided correspond to the Flexible Premium Adjustable Life Policy Standards unless otherwise noted, although the conforming amendments are recommended to be made to each of the uniform standards listed in the preceding paragraph, where applicable.

(A) SCOPE (p. 1)

Drafting Note:
Other terms may be used in the policy provided 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.
(B) COVER PAGE Item (1) (p. 6)
The full corporate name, including city and state of the company shall appear in prominent print on the cover page of the policy. “Prominent print” means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.

Related revision to COVER PAGE Item (7) (p. 7)
A brief description that shall appear in prominent print on the cover page of the policy or be visible without opening the policy. “Prominent print” means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form. The brief description shall contain at least the following information: …

(C) COVER PAGE Item (9) (p. 7 of Individual Modified Single Premium Adjustable Life Policy Standards)
A For any policy that has cash value, the policy shall clearly and prominently disclose in prominent print that, if the owner cancels surrender the policy, such cancellation–surrender may result in a substantial penalty because the cash value of the policy may be less than the premium paid.

(D) DEATH BENEFIT PROCEEDS Item (2)(b) (p. 11)
Interest will accrue at the rate or rates applicable to the policy for funds left on deposit or, if the company has not established a rate for funds left on deposit, at the Two Year Treasury Constant Maturity Rate as published by the Federal Reserve. In determining the effective annual rate or rates, the company shall use the rate in effect on the date of death.

(E) INCONTESTABILITY Item (1) (p. 15 of Individual Flexible Premium Joint Last to Die Survivorship Variable Life Policy Standards)
The policy shall contain an incontestability provision and include the conditions of the provision. The policy provision shall satisfy one of the following two methods:
(a) Provisions are permitted that The provision shall state that the policy is incontestable after it has been in effect during the lifetime of the surviving insured for no greater than two years; or
(b) Provisions are permitted that The provision shall state that, with respect to each insured, coverage is incontestable after it has been in effect during the lifetime of that insured for no greater than two years, …

(F) REINSTATEMENT (p. 24 of Individual Modified Single Premium Adjustable Life Policy Standards)
(1) The policy may contain a reinstatement provision with respect to policies for which the grace period has elapsed and include the conditions of the reinstatement.
(2) The period of reinstatement may not be less than three years from the date of lapse.
(3) Evidence of insurability may be required.
(4) The policy shall clearly describe the dollar amount necessary to reinstate. The company may require that the monthly deduction for any grace period be paid plus sufficient premium to maintain the policy in
force for up to three months. Monthly deductions cannot be charged for the period of default beyond the grace period.

(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) If the policy imposes charges for a limited period of time (for example, surrender charges on the account value), the reinstatement provision shall state whether and in what manner the charges will be imposed on the reinstated policy. Otherwise, no charges shall be applicable with respect to the reinstatement policy.

(7) The policy shall describe how the account value will be determined upon reinstatement. If the account value and any loan value are reinstated, interest shall be credited to the account value consistent with any interest charges on the loan during the period of lapse.

(8) 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.
   (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 (8)(a) and/or (8)(b), the policy references shall be consistent with (8)(a) and/or (8)(b).

(2) Legal Authority: The IIPRC is authorized to create uniform standards for products by Article IV, Section 2 of the Interstate Insurance Product Regulation Compact (“Compact”), as enacted into law by each compacting state.

(3) Text of Proposed New Rule: The Proposed Standards are available on the IIPRC’s web site (www.insurancecompact.org) and included with this notice as a separate document.

(4) Where, When and How Persons May Present Their Views: The Management Committee for the IIPRC will accept written comment on the Proposed Standards through April 30, 2007. Written comments may be delivered via electronic mail to comments@insurancecompact.org, or via mail to the Management Committee, c/o Frances Arricale, 701 Hall of the States, 444 North Capitol Street NW, Washington D.C. 20001-1509.

(5) Where, When and How Persons May Request a Public Hearing: Written requests for a public hearing on the Proposed Standards must be received no later than March 21, 2007. Persons who may request a public hearing are IIPRC members, the Management Committee, the Legislative Committee, the Consumer Advisory Committee, the Industry Advisory Committee, or a person or organization representing at least 25 persons affected by the Proposed Standards.
Written requests may be delivered via electronic mail to comments@insurancecompact.org, or via mail to the Management Committee, c/o Frances Arricale, 701 Hall of the States, 444 North Capitol Street NW, Washington D.C. 20001-1509.