INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION

NOTICE OF PROPOSED RULE

Date Issued: April 27, 2007

Proposed Uniform Standard: Individual Current Assumption Whole Life Insurance Policy Standards and Amendments to Adjustable Life Standards

(1) Purpose of Proposed New Rules: The Individual Current Assumption Whole Life Insurance Policy Standards (the “Proposed Standards”) specify submission requirements, form requirements and policy provisions for traditional forms of individual current assumption whole life insurance. 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 adopted 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 (D) as follows. The page numbers provided correspond to 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. It is recommended that these proposed Conforming Amendments supersede any previous proposals related to the same provisions.

(A) ADDITIONAL SUBMISSION REQUIREMENTS Items (1) and (4) (p. 3) Changes to a previously approved form shall be highlighted. The specifications page of a policy or contract shall be completed with hypothetical data that is realistic and consistent with the other contents of the policy or contract and any required actuarial memorandum in support of nonforfeiture values.

If the specification page of the policy or contract contains variable items, … .

(B) ASSIGNMENT Item (1) and Drafting Note (p. 9) The policy shall contain an assignment provision. The policy shall not include any restrictions on the availability of policy assignments, other than for tax qualification purposes or except in situations where restrictions are required for purposes of satisfying applicable laws or regulations.

Drafting Note: Restrictions on assignment in policy forms, such as right of first refusal or first offer provisions, are prohibited by Item (1).
(C) BENEFICIARY Item (1) (p. 9)
The policy shall contain a beneficiary provision. The provision shall describe the terms and conditions, procedures for designating or changing the beneficiaries, or for selecting default beneficiaries as may be necessary, and indicating when such designation is effective. The policy shall not include any restriction on change of beneficiary other than for purposes of satisfying applicable laws or regulations.

(D) DEPENDENT AND FAMILY MEMBER COVERAGE (p. 11-12)
(1) The policy may provide coverage for dependents and family members. If the policy provides such coverage:
   (a) The policy shall comply with the applicable state law where the policy is delivered or issued for delivery, with respect to the coverage and benefits available to partners, a person who is in a legally-sanctioned domestic partnership or civil union and to their families, or available to a person who is in a legally-sanctioned marriage with the insured and to their families; and
   (b) Nothing in this provision shall be construed as requiring any company to provide coverage or benefits to domestic partners, or civil union partners or to their families in states any person who is in a domestic partnership, civil union or marriage with the insured, or to their families, in a state where such relationships are not legally recognized.

(E) OWNERSHIP Drafting Note (p. 21)
Drafting Note: Restrictions on change of owner in policy forms, such as right of first refusal or first offer provisions, are prohibited by Item (1).

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

(3) Text of Proposed New Rules: The Proposed Standards are available on the Commission’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 Commission will accept written comment on the Proposed Standards until June 26, 2007. Written comments may be delivered via electronic mail to comments@insurancecompact.org, or via mail to the Management Committee c/o Frances Arricale, Executive Director, 444 North Capitol Street, NW, Suite 701 Hall of States, Washington DC 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 May 17, 2007. Persons who may request a public hearing are Commission 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, Executive Director, 444 North Capitol Street, NW, Suite 701 Hall of States, Washington DC 20001-1509.