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IIPRC-A-I-APP-2
STANDARDS FOR INDIVIDUAL ANNUITY APPLICATION CHANGE FORM

1. Date Adopted: November 15, 2014
2. Purpose and Scope: The Standards for Individual Annuity Application Change Form apply to forms that are used during the underwriting process to make changes to answers that had been provided by the applicant in paper, telephonic or electronic applications for coverage provided by individual annuity contract forms. These standards do not apply to forms that are used to make changes to any combination of life, annuity, disability income and long term care applications.
3. Rules Repealed, Amended or Suspended by the Rule: In accordance with the 5-year Commission Review of Rules required by § 119 of the Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission, this rule amends the Standards for Individual Annuity Application Change Form Adopted by the Interstate Insurance Product Regulation Commission (“IIPRC”) on October 29, 2008. The amendments apply only to new filings received after the effective date of the amendments. It is not necessary to resubmit previously approved forms to comply with these amendments, or to suspend use of previously approved forms that do not comply with these amendments. See the Transmittal Memo under the Standards History on the Record for a more detailed description of the amendments.
4. Statutory Authority: Among the primary purposes and powers of the Interstate Insurance Product Regulation Commission (“IIPRC”) 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: None
6. Effective Date: March 5, 2015

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STANDARDS FOR INDIVIDUAL ANNUITY APPLICATION CHANGE FORM

Scope: These standards apply to forms that are used during the underwriting process to make changes to answers that had been provided by the applicant in paper, telephonic or electronic applications for coverage provided by individual annuity contract forms.

Separate additional standards will apply to forms that are used to make changes to any combination of life, annuity, disability income and long term care applications. Consult the IIPRC web site to determine when additional standards are available for filing.

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.

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.

As used in these standards the following definitions apply:

“Application” means any form used to apply for an annuity whether or not the form is attached to the contract at issue. The application form shall be filed for approval.

“Signed or signature” means any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper, electronic or telephonic media, and which is consistent with applicable law.

§ 1 ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

The following additional filing submission requirements shall apply to application change forms:

- (1) All forms filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.
- (2) If the application change form is submitted for use by more than one company, the following requirements shall apply:
 - (a) The name of each company shall appear at the top of the first or cover page of the form, and a means of designating the appropriate company must be available, such as checkboxes in front of each company’s name. A “blank space write in” format will not be acceptable;
 - (b) Multiple companies may be represented in one filing, provided that;

- (i) All companies shown at the top of the first or cover page of the application change form are properly licensed in all states for which the filer is requesting approval;
 - (ii) The filer is requesting approval for an identical filing (no exceptions for any company represented in the filing) in all states for which the filer is requesting approval; and
 - (iii) Separate filing fees may apply and transaction fees for each combination of company and state shall apply; and
- (c) The application change form shall have the same form number for each company, and the form number shall be unique within each company.
- (3) 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 with the filing.
- (4) If the application change form contains variable items, the submission shall include the Statement of Variability required in the specific Interstate Insurance Product Regulation Commission national product standard. 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 application change form has a minimum Flesch score of 50, if applicable. If an annuity application or sections of an annuity application are subject to federal jurisdiction, and accordingly the Appendix A requirements do not apply, the certification shall include a statement to that effect.
- (6) Include a statement of the types of applications with which the application change form will be used.

B. VARIABILITY OF INFORMATION

- (1) The company may identify items that will be considered variable in the application change form. The items shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change and shall include any terms and conditions that apply to a change.

C. READABILITY REQUIREMENTS

- (1) The text of the application change form shall achieve a minimum score of 50 on the Flesch reading ease test or an equivalent score on any other approved comparable reading test. See Appendix A for Flesch methodology.
- (2) The text of the application change form shall be presented in not less than ten point type, one point leaded.

- (3) The style, arrangement and overall appearance of the application change form shall give no undue prominence to any portion of the text or section of the form.

D. FAIRNESS

- (1) The application change form shall not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, provisions that are against public policy as determined by the Interstate Insurance Product Regulation Commission, nor shall it contain exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the contract forms with which the application change form will be used.

§ 2 APPLICATION CHANGE FORM REQUIREMENTS

A. GENERAL

- (1) The full corporate name of the company shall appear in prominent print on the application change forms. "Prominent print" means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.
- (2) Two signatures of company officers may be included in the application change form.
- (3) If an application change form will be used by more than one company, each company's full corporate name shall appear in prominent print on the application change form, and a means of designating the appropriate company must be available, such as checkboxes in front of each company's name.
- (4) A form identification number shall appear at the bottom of the application change form in the lower left hand corner of the form. The form number shall be adequate to distinguish the form from all others used by the company. The form number shall include a prefix of ICCxx (where xx represents the appropriate year the form was submitted for filing) to indicate it has been approved by the Interstate Insurance Product Regulation Commission.
- (5) The application change form shall specify the name of each proposed annuitant, the date of the application, and the contract number, if one had been assigned.
- (6) The application change form shall include a statement that each person signing the application change form agrees that all representations made in the form are true and complete to the best of that person's knowledge and belief on the date signed.
- (7) The application change form shall include a signature section which includes the printed names and signatures of those persons who signed the application and the date of signature.

Appendix A

Flesch Methodology

The following measuring method shall be used in determining the Flesch score:

- (1) For policy forms containing 10,000 words or less of text, the entire form shall be analyzed. For policy forms containing more than 10,000 words, the readability of two, 200-word samples per page may be analyzed instead of the entire form. The sample shall be separated by at least 20 printed lines.
- (2) The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.
- (3) The total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of 84.6.
- (4) The sum of the figures computed under (2) and (3) subtracted from 206.835 equals the Flesch reading ease score for the policy form.
- (5) For purposes of (2), (3), and (4), the following procedures shall be used:
 - (a) A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one word;
 - (b) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and
 - (c) A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. Where the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.
- (6) The term "text" as used in this section shall include all printed matter except the following:
 - (a) The name and address of the company; the name, number or title of the policy; the table of contents or index; captions and sub-captions; specifications pages, schedules or tables; and;
 - (b) Any policy language which is drafted to conform to the requirements of any federal law or regulation; any policy language required by any collectively bargained agreement; any medical terminology; any words which are defined in the policy; and any policy language required by law or regulation; provided, however, the company identifies the language or terminology excepted by the paragraph and certifies, in writing, that the language or terminology is entitled to be excepted by this paragraph.

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- (7) At the option of the company, riders, endorsements, applications and other forms made a part of the policy may be scored as separate forms or as part of the policy with which they may be used.