

**Explanatory Statement Regarding Approval by the Management Committee
Individual Life Insurance Application Standards and Standards for Application Change Form**

This explanatory statement is being issued in accordance with Section 109 of the Commission's Rule for Adoption, Amendment and Repeal of Rules for the Interstate Product Regulation Commission.

On February 26, 2006, following a public participation period which included legislative notice, notice and comment from interested parties and its Consumer and Industry Advisory Committees, a public hearing and further discussion also attended by representatives of the Legislative Committee, the Management Committee of the Interstate Insurance Product Regulation Commission ("IIPRC") approved, as amended, proposed uniform standards known as Individual Life Insurance Application Standards and Standards for Application Change Form (the "Uniform Standards").

Reasons for Adopting the Proposed Rules

The Management Committee approved the Uniform Standards because 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. The Management Committee believes that these Uniform Standards establish reasonable uniform standards in accordance with the requirements of the Compact.

Indication of Changes between Proposed Rules and Approved Rules

Changes between the text of the Uniform Standards as approved by the Management Committee and the texts of the proposed standards contained in the notices of proposed rule published on November 22 and December 22, 2006, respectively, are reflected in the attached versions, which are incorporated herein by reference. The specific reason for each change is noted in brackets within the document.

Summary of Reasons for Decisions on Substantial Comments

With respect to substantial comments made by interested parties, the Management Committee agreed or disagreed with the comments as follows:

1. Technical Amendments (Industry Advisory Committee): The Management Committee agreed with a number of technical changes suggested to conform with previously adopted or published uniform standards. The technical amendments appear in the attached versions of the Uniform Standards.
2. Fraternal benefit societies (Industry Advisory Committee and National Fraternal Congress of America): The Management Committee agreed to add a reference to custodian applicants and applicants under the Uniform Transfers to Minors Act or the Uniform Gifts to Minors Act, one drafting note to the Agreement section, a new section on Membership and an Appendix referring to the structure, obligation and operation of fraternal benefit societies. The reason for this action was to accommodate the rights and obligations of fraternal benefit societies to the extent permitted by existing state laws, as previously approved in the context of certain policy standards adopted by the IIPRC in December 2006.
3. Proposed Owner (Industry Advisory Committee): The Management Committee disagreed with a comment suggesting the insertion of "place of birth" in the list of examples of identifiers of the proposed insured. The reason for this action was to avoid highlighting questions potentially related to national origin. The Management Committee felt that the preface "such as" is not prohibitive of additional or different questions.
4. General Background Questions, Military Service (Industry Advisory Committee): The Management Committee agreed to add a permitted question, and follow-up questions, about whether the applicant has entered an agreement to become a member of the military. The reason for this action was to be consistent with other general background questions that permit the application to solicit information about certain anticipated activities.
5. Medical Questions, Pregnancy (Industry Advisory Committee): The Management Committee agreed to add a permitted question, and follow-up questions, about the applicant's prior diagnosis or treatment for complications of pregnancy. The reason for this action was to provide further information about medical conditions that could have an impact on underwriting classification in the event that other permitted questions are not viewed to solicit the same information.
6. Medical Questions (Industry Advisory Committee): The Management Committee disagreed with a comment suggesting the addition of a provision asking about medical symptoms for which the applicant has not sought medical attention. The reason for this action was to avoid requiring the applicant to potentially self-diagnose a serious medical condition, and to avoid drawing undue attention to symptoms that are not necessarily indicative of a serious medical condition.

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INDIVIDUAL LIFE INSURANCE APPLICATION STANDARDS

[This revision was intended to make these standards consistent with the naming of other standards.]

Scope: These standards are intended to apply to paper, telephonic or electronic new business applications for coverage provided by individual life insurance policy forms. These standards do not apply to applications for Credit Life Insurance or for any combination of life, annuity, disability income and long term care insurance.

These standards are not intended to apply to applications used for policy changes, such as conversion, reinstatement, exchange, re-qualification, or request to add benefits to an existing policy.

As used in these standards the following definitions apply:

“Application” means any form used to apply for life insurance that is filed for approval and may be attached to the policy at issue.

“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.

“Written or writing” means a record which is on or transmitted by paper, electronic or telephonic media, and which is consistent with applicable law.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (1) All forms filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.

Deleted: to applications and may be included in item 14 of the *Uniform Life, Accident & Health, Annuity, Credit Transmittal Document* or as an attachment to the filing

Deleted: shown in the form filing attachment

[These revisions were intended to remove references to elements of SERFF that have become obsolete and to use more generic terminology.]

- (2) The application may be submitted in a proof format for preliminary review, provided that the company certifies that the text and format so filed accurately reflects what the final copy would look like, including contrasting color, font size, bold face, highlighting, or any other similar type of differentiation that may be used. If the application is determined to be acceptable, the company shall submit a final copy for approval, along with a certification that the final copy represents an exact copy of the proof and that no changes had been made after the company was notified that the proofs were determined to be acceptable.

- (3) If the application 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 application, 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 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

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- (c) The application shall have the same form number for each company, and the form number shall be unique within each company.
- (4) The filing shall include all the sections and questions that may be required to be completed by an applicant, including additional drop downs, scripts, questions, questionnaires or supplements that would be required if the applicant answers questions in a certain way, such as a “yes” response.
- (5) If a filing is being submitted on behalf of a company, a letter or other document authorizing the firm to file on behalf of the company shall be included with the filing.
- (6) If the application 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.

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Deleted: required in the specific Interstate Insurance Product Regulation Commission national product standard

[These revisions are intended to clarify the meaning of the provision and avoid causing the filer to look outside of the relevant uniform standards for guidance about the Statement of Variability.]

- (7) A certification signed by a company officer that the application has a minimum Flesch score of 50, if applicable. If a life application or sections of a life application are subject to federal jurisdiction, and accordingly the Appendix A requirements will not apply, the certification shall include a statement to that effect.

Deleted: complies with the requirements of Appendix A

[This revision is consistent with the readability certification requirements contained in uniform standards for policy forms.]

- (8) A statement of the types of policy forms and plans with which the application will be used. For example, whole life, term life, endowment, Universal Life, Survivorship coverage, limited death benefit forms, pre-need funeral forms, or variable life forms.
- (9) A statement of how the application will be used, such as paper, electronic, and/or telephonic. For electronic and telephonic uses, the company shall:
 - (a) Describe the procedures that will be used to verify the authenticity of the transaction; and
 - (b) Include a John Doe sample that shows additional sections and questions that are required to be completed by an applicant, including additional drop downs, scripts, questions, questionnaires or supplements, if the applicant answers questions in a certain way, such as a “yes” response.

Additionally, for telephonic uses the company shall describe the process by which the applicant is given the completed application for signature prior to or on the date the policy is issued.
- (10) A description of any innovative or unique features of the application.
- (11) If the replacement questions will be included in a separate form, a certification that this is the case.
- (12) For variable life plans, if the suitability questions and disclosure will be included in a separate form, a certification that this is the case.

VARIABILITY OF INFORMATION

- (1) The company may identify items that will be considered variable in the application, but such variability shall be limited to:
 - (a) The company, address and other contact information;
 - (b) In the case of applications for use by more than one company, the name of each company may be variable only to permit:

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- (i) Deletion if the company ceases to do new business; and
- (ii) Addition of a company authorized to do business by the respective Interstate Insurance Product Regulation Commission member states;
- (c) Plan information, including plan marketing name or logo.

The item shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement on Variability that will discuss the conditions under which each variable item may change.

- (2) If the company identifies plan information that may be variable in the application, such information shall be consistent with the Statement on Variability that has been or is being filed for use with the respective policy form. For variable life insurance plans, items such as the Separate Accounts and Funds available under the plan may be identified as variable to the extent allowed by the policy form.

READABILITY REQUIREMENTS

- (1) The application text 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. This requirement shall not apply to life applications or sections of life applications that are subject to federal jurisdiction.
- (2) The application text shall be presented in not less than ten point type, one point leaded.
- (3) The style, arrangement and overall appearance of the application shall give no undue prominence to any portion of the text or section of the application.

GENERAL FORM REQUIREMENTS

COVER PAGE OR FIRST PAGE

- (1) The full corporate name of the company shall appear in prominent print on the cover page or first page of the application. "Prominent print" means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.
- (2) If an application will be used by more than one company, each company's full corporate name shall appear in prominent print on the cover page of the application, and a means of designating the appropriate company must be available, such as checkboxes in front of each company's name.
- (3) A marketing name or logo may also be used on the cover page or first page of the application provided that the marketing name or logo does not mislead as to the identity of the company.
- (4) Each company's complete mailing address shall appear on the cover page or first page of the application.
- (5) A form identification number shall appear at the bottom of the application in the lower left hand corner of the application. 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.
- (6) A brief description that shall appear in prominent print on the cover page or the first page of the application indicating that the application is for individual life insurance.

FAIRNESS

- (1) The application 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 policy forms with which the application will be used.

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- (2) The application questions shall be presented as single direct questions, not as declaratory statements.
- (3) The application questions shall not require the applicant to make a diagnosis of a medical condition of the proposed insured. Questions such as “Are you in good health,” “Do you have symptoms of,” “Do you have any known indication of,” or “Do you think you have” are not acceptable.

APPLICATION SECTIONS

PROPOSED INSURED

- (1) The application shall request the information that the company determines it needs to identify the proposed insured and provide contact information, such as: name, address, telephone number, email address, age, date of birth, gender, occupation, tax identification or social security number, marital status, current employment information, and driver license number and state and country of issue, or other official document used to verify identity. The section may accommodate joint, corporate or trustee applicants.

OTHER PROPOSED INSURED

- (1) The application may allow the applicant to designate other proposed insureds and provide the information that the company determines it needs to identify the other proposed insureds and their related contact information. Such information may be the same as that required for the proposed insured.

TOBACCO USE

- (1) The application may include questions for each proposed insured regarding tobacco use, such as: smoking cigarettes, pipes or cigars; using snuff, chewing tobacco or a nicotine delivery device such as a patch or gum.

TYPE OF PLAN

- (1) The application shall allow the applicant to specify the type of life insurance plan selected for each proposed insured, such as: the policy plan of insurance (such as term, whole life, variable or non-variable, first to die, second to die, joint, etc.) additional benefits (such as accelerated death, accidental death, waiver of premium, guaranteed insurability, etc.), dividend options, automatic premium loan, maturity date, and investment options for variable life plans.
- (2) For variable life insurance plans, the application shall require the applicant to answer questions designed to elicit information which enables the agent to determine the suitability of the variable plan to the applicant, in compliance with the requirements published by the National Association of Security Dealers and disclose the risks involved. The disclosure shall be in prominent print and shall include acknowledgement by the applicant that the policy values that are based on the separate account assets are not guaranteed and will decrease or increase with investment experience. Alternatively, the company may include the suitability questions and disclosure in a separate form, and, if this is the case, the company shall certify to this.

PREMIUM AND BILLING

- (1) The application shall allow the applicant to specify the amount paid with the application, a payor if other than the owner, premium mode and billing information. If a payor is other than the owner, the application shall request the payor information needed by the company to administer the insurance plan, such as the payor’s name, telephone number, address, email address, tax identification or social security number, and relationship to the owner and the insured.
- (2) The application may request information concerning the source and/or method of funding the premium payments.

OWNER

- (1) The application shall allow the applicant to designate the owner and provide the owner information that the company determines it needs to administer the insurance plan, such as the owner’s name, telephone number,

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address, email address, tax identification or social security number, and relationship to the insured. The section may accommodate joint, corporate, trustee, custodian, or UTMA/UGMA applicants.

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[This revision is suggested to better accommodate fraternal benefit societies' use of the IIPRC and to be consistent with revisions to the later-developed annuity application standards under consideration by the NAIC Interstate Compact National Standards (EX) Working Group.]

BENEFICIARY

- (1) The application shall allow the applicant to designate the beneficiary and shall require the beneficiary information that the company determines it needs to confirm insurable interest and administer the insurance plan, such as the beneficiary's name, telephone number, address, email address, tax identification or social security number, and relationship to the insured.
- (2) The application may state that unless otherwise directed, the insurance proceeds shall be divided equally among all persons who are named as primary beneficiary and who survive the insured, but if none survive, equally among all persons who are named as contingent beneficiary and who survive the insured.

AGREEMENT TO SELL OR ASSIGN POLICY FOR WHICH APPLICATION IS BEING MADE

- (1) The application may include a question regarding whether any party to the application, such as the applicant, proposed insured, owner, if other than the applicant, or any beneficiary, has entered or has made plans to enter into any agreement or contract to sell or assign the ownership of, or a beneficial interest in the applied for policy. The application may also include a question regarding whether any person has promised or agreed to give or has given to any party to the application, or that any party to the application has received or will receive from any person, any inducement, fee or compensation as an incentive to purchase the policy. For a "yes" response, details shall be requested regarding any agreement or incentive.
- (2) The application may include a question regarding whether any party to the application, such as the applicant, proposed insured, owner, if other than the applicant, or any beneficiary, has ever sold, transferred or assigned any life insurance policy to a third party, such as a viatical settlement entity, life settlement entity, insurance company, other secondary market provider, or premium financing entity, or if these persons have ever received any inducement, fee or compensation as an incentive to purchase, sell, transfer or assign a policy. For a "yes" response, details shall be requested regarding any prior transactions.
- (3) The application may include language similar to the following:

NOTICE: State insurance law may prohibit the owner of a life insurance policy from entering into any agreement to sell, transfer or assign a life insurance policy prior to, or within two years after, the date the policy was issued. You should consult with legal advisors if you have any questions about these matters.

OTHER INSURANCE

- (1) The application may include a question for each proposed insured in regard to other life insurance and annuity contracts in-force and life insurance and annuity applications pending with the company or any other company. Details may be requested such as: company name, policy or contract number, date issued, amount, owner, and if business or personal.
- (2) The application may include a question regarding if any proposed insured has ever had life or health insurance declined, modified, or rated. For a "yes" response, details may be requested such as: company name, year of action, amount applied for or reason for action.

REPLACEMENT OF INSURANCE

- (1) If the company elects to include the replacement questions in the application:
 - (a) The application shall require the applicant to specify if the applicant has existing life insurance or annuity contracts with the company or any other company; and

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- (b) The application shall require the applicant to specify if the insurance applied for is intended to replace or change any life insurance or annuity contract in force with the company or any other company.

The appropriate details required for a “yes” response shall be provided in accordance with applicable state regulations.

- (2) If the company elects to include both item (1) questions in a separate form, the company shall certify to this.

GENERAL BACKGROUND QUESTIONS

- (1) The application may include the following questions to be answered by each proposed insured:

- (a) **Driving Record.** Whether the proposed insured’s driver’s license has ever been suspended or revoked, whether the proposed insured has ever plead guilty to or been convicted of driving while impaired, intoxicated or under the influence of any drug; and/or whether during a specified period of time (not to exceed the last 5 years) the proposed insured has plead guilty to or been convicted of any moving violation or been involved in any accident in which they were found to be at fault. For a “yes” response, details may be requested such as: a description of the Department of Motor Vehicles’ action, plea, conviction or accident; the number of times the various issues had taken place, the date and state of occurrence;
- (b) **Felony or Misdemeanor.** Whether the proposed insured has ever plead guilty to or been convicted of a felony or misdemeanor or do they have such charge currently pending against them. For a “yes” response, details may be requested such as: the nature of the plea, conviction or charge, the date and state where the plea, conviction or charges occurred, and whether time was served in prison;
- (c) **Aviation Activity.** Whether the proposed insured has ever flown, or intends within the next two years to fly, other than as a fare paying passenger on a scheduled airline. For a “yes” response, details may be requested such as: type of license, type of aircraft, instrument flight rating, number of hours flown, number of hours to be flown within a specified period of time, if flying is for business purposes, flying accidents that proposed insured has been involved with, experimental flying, flying restrictions imposed, flying outside the United States, flying for pay and flying for the military. Alternatively, the application may require the completion of an Aviation supplement which shall request details such as those described above;
- (d) **Recreational Activity (Vocation, Hobby, Sport).** Whether the proposed insured has ever engaged, or intends within the next two years to engage, in certain activities such as: motor sports events or racing (auto, truck, cycle, boat, etc.); rock or mountain climbing; skin or scuba diving; aeronautics (hang-glider, sky diving, parachuting, ultralight, soaring, ballooning, etc.). For a “yes” response, details may be requested such as: type of activity, number of times performed within a specified period of time, type of vehicle used, competitive class, division or category, member of any activity-specific association, group or sanctioning body, whether activities take place outside the United States, professional competition. Alternatively, the application may require the completion of an Activity Specific supplement which shall request details such as those described above;
- (e) **Military Service.** Whether the proposed insured is a member of the military, military reserve, or National Guard, whether active or inactive, and whether the proposed insured has entered into a written agreement to become a member of the military, military reserve, or National Guard, whether active or inactive, at a future date. For a “yes” response, details may be requested such as: military duties and responsibilities, rank, and dates and locations of service; for agreement for future service: date, location and duties of anticipated service. Alternatively, the application may require the completion of a Military Service supplement which shall request details such as those described above.

[These revisions were intended to add the applicant’s anticipated future activity to the permissible questions about military service.]

- (f) **Foreign Travel.** Whether the proposed insured has traveled outside the United States within a specified period of time (not to exceed the last 2 years) or intends to travel outside the United States within a

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specified period of time (not to exceed the next 2 years). For a “yes” response, details may be requested such as: the travel mode, country, cities, provinces, purpose and length of stay. Alternatively, the application may require the completion of a Foreign Travel supplement which shall request details such as those described above;

- (g) **Foreign Residency.** Whether the proposed insured has lived outside the United States within a specified period of time (not to exceed the last 2 years) or do they plan to live outside the United States within a specified period of time (not to exceed the next 2 years). For a “yes” response, details may be requested such as: the travel mode, country, cities, provinces, purpose and length of stay. Alternatively, the application may require the completion of a Foreign Residency supplement which shall request details such as those described above; or
- (h) **Citizenship.** Whether the proposed insured is a citizen of the United States. For a “no” response, details may be requested such as: the type of visa, country that issued it, and whether the proposed insured is a permanent resident of the United States and if “yes” for how long.

PERSONAL PHYSICIAN OR MEDICAL FACILITY

- (1) The application may require the identity of each proposed insured’s personal physician or medical facility that they consult for routine health care or periodic check-ups. If a physician or facility is identified, details may be requested such as: patient identification number, full name of physician or facility and their telephone number, address, and date and reason last consulted.

PRESCRIBED AND NON-PRESCRIBED MEDICATION AND PRESCRIBED DIET

- (1) The application may include a question regarding each proposed insured’s use of prescribed and non-prescribed medications or being on a prescribed diet. For a “yes” response, details may be requested such as: a description of the medication or diet, date prescribed, and name and address of prescriber.

MEDICAL QUESTIONS

- (1) The application may include the following questions to be answered by each proposed insured:
 - (a) **Height/Weight.** The current height and weight, and any weight change within a specified period of time (such as in the past year);
 - (b) **Family Medical History.** Whether a proposed insured has a parent or sibling diagnosed or treated by a member of the medical profession for certain conditions, such as heart or vascular disease, cancer, diabetes, high blood pressure, kidney disease, attempted suicide or mental illness. For a “yes” response, details may be requested such as: parent’s or sibling’s diagnosis, age of diagnosis and date last treated; parent’s or sibling’s age if alive and if not alive, age, date and cause of death;
 - (c) **Pregnancy or Complications of Pregnancy.** Whether a proposed insured is pregnant, or whether the proposed insured has ever been diagnosed or treated by a member of the medical profession for complications of pregnancy. For a “yes” response, details may be requested such as the anticipated delivery date, date and type of complication, and whether a viable birth resulted;

Deleted: the application may request

[These revisions were intended to expand the permissible questions related to the applicant’s history of pregnancy].

- (d) **Drug and Alcohol Use.** Whether a proposed insured has ever:
 - (i) Used narcotics, barbiturates, amphetamines, hallucinogens, heroin, cocaine, or other habit forming drugs, except as prescribed by a physician;
 - (ii) Received medical treatment or counseling for, or been advised by a physician to discontinue, the use of alcohol or prescribed or non-prescribed drugs; or
 - (iii) Been a member of any self-help group such as Alcoholics Anonymous or Narcotics Anonymous.

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For a “yes” response, details may be requested such as: type of drug or alcohol used, contact information for the medical professional or facility providing treatment, advice or counseling, type and dates of treatment or counseling, and self-help membership periods. Alternatively, the application may require the completion of a Drug and Alcohol Use supplement which shall request details such as those described above;

- (e) **Benefits, Pension or Compensation.** Whether a proposed insured has, within a specified period of time (not to exceed in the past 5 years) made a claim for or received benefits, compensation or pension for any injury, sickness, disability or impaired condition. For a “yes” response, details may be requested such as: date claim filed, type of benefits claimed, amounts and dates of payments received, contact information for the payor of the benefits, type of injury, sickness, disability or impaired condition, duration of these, and contact information for the treating physician;
- (f) **Disorders and Diseases.** Whether a proposed insured has ever been diagnosed, treated, tested positive for, or been given medical advice by a member of the medical profession for a disease or disorder such as:
 - (i) Any disorder or disease of the brain or nervous system;
 - (ii) Any disorder or disease of the heart, blood vessels or circulatory system;
 - (iii) Any disorder or disease of the respiratory system;
 - (iv) Any disorder or disease of the stomach, liver, intestines, rectum, pancreas or abdominal organs;
 - (v) Any disorder or disease of the genito-urinary organs;
 - (vi) Any disorder or disease of the skeletal system;
 - (vii) Any disorder or disease of eyes, ears, nose or throat;
 - (viii) Any disorder or disease of the blood, skin, thyroid, lymph or other glands;
 - (ix) Any psychiatric or mental health disorder or disease;
 - (x) Any gynecological disorders or diseases;
 - (xi) Any cancer, tumor, cyst or nodule;
 - (xii) Any sexually transmitted disorders or diseases; or
 - (xiii) Any disorders or diseases of the immune system except those related to the Human Immunodeficiency Virus (AIDS virus).

For any category of disorder or disease included, the application shall include specific disorders and diseases that the company determines it needs for underwriting purposes;

For any “yes” answer, details may be requested such as: name, address and telephone number of the medical professional or facility providing treatment, diagnosis, dates of diagnoses, consultations, tests and treatments;

- (g) **Immune Deficiency.** Whether a proposed insured has ever been:
 - (i) Diagnosed or treated by a member of the medical profession for specified symptoms such as: immune deficiency, anemia, recurrent fever, fatigue or unexplained weight loss, malaise, loss of appetite, diarrhea, fever of unknown origin, severe night sweats; unexplained or unusual infections or skin lesions; unexplained swelling of the lymph glands; Kaposi’s Sarcoma or Pneumocystis Carinii Pneumonia;

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- (ii) Diagnosed by a member of the medical profession or tested positive for Human Immunodeficiency Virus (AIDS virus) or Acquired Immune Deficiency Syndrome (AIDS).

For any "yes" answer, details may be requested such as: name, address and telephone number of the medical professional or facility providing diagnosis or treatment, diagnosis, dates of diagnoses, tests, and treatments;

- (h) **Treatment by a Member of the Medical Profession.** Whether the proposed insured, within a specified period of time (not to exceed 5 years), has been:

- (i) Treated, examined or advised by a member of the medical profession; or
- (ii) Been advised by a member of the medical profession to get specified medical care which was not completed, such as any hospitalization, surgery or diagnostic test, except those tests related to the Human Immunodeficiency Virus (AIDS virus);

For any "yes" answer, details may be requested such as: name, address and telephone number of the medical professional or facility providing treatment, examination or advice, diagnosis, date of diagnosis, dates of treatment;

- (i) **Inpatient and Outpatient Treatment.** Whether the proposed insured within a specified period of time (not to exceed 5 years), has been an inpatient or outpatient in a hospital, clinic or medical facility, or any similar entity. For any "yes" answer, details may be requested such as: name, address and telephone number of the place where treatment was provided, diagnosis, date of diagnosis, dates of treatment;

Deleted: or

- (j) **Diagnostic Tests.** Whether the proposed insured, within a specified period of time (not to exceed 5 years), has had diagnostic tests such as: an electrocardiogram (EKG) or X-ray, except those related to the Human Immunodeficiency Virus (AIDS virus). For any "yes" answer, details may be requested such as: name, address and telephone number of the place where the tests were performed, name, address and telephone number of medical professional or facility prescribing the tests, dates of the tests;

Deleted: or

[These revisions are made as technical corrections.]

- (k) **Inability To Work, Attend School, or Perform Normal Activities of Like Age and Gender.** Whether the proposed insured, within a specified period of time (not to exceed 5 years) has been unable to work, attend school or perform the normal activities of like age and gender, or been confined at home. For any "yes" answer, details may be requested such as: explanation of inability or confinement; name, address and telephone number of medical professional or facility consulted; diagnosis; treatment prescribed; medications prescribed; date of onset and recovery.

- (2) The application may state that, in responding to any of the questions, the proposed insured need not include colds, minor viruses or minor injuries which prevented normal activities for a period less than a specified period of days (such as 5 days).
- (3) The application may include an additional details section where the proposed insured may provide the details to "yes" answers. The details shall include information such as: name of proposed insured; question number; name, addresses and telephone numbers of all medical providers; diagnosis; date of onset; dates of consultations, tests and treatment; date of surgery; medications prescribed; date of recovery.

HOME OFFICE CHANGES

- (1) The application may include a section for home office changes, such as amendments, corrections, or additions, for use by the company. Any change in plan of insurance, amount, age at issue, gender, class or benefits shall require the written consent of the owner and the proposed insured.

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MEDICAL EXAM

If the medical exam is considered part of or a continuation of the application and attached to the policy at issue, then the following standards apply:

- (1) The application may include a separate section for questions to be answered by the proposed insured and a report of a paramedical or medical exam conducted by a medical professional designated by the company.
- (2) For the questions to be answered by the proposed insured, these may include the same questions as those included in these standards for Proposed Insured, Tobacco Use, Personal Physician or Medical Facility, Prescribed Medication and Diet and Medical Questions. For “yes” answers, the same type of details requested in those sections may also be requested. The proposed insured will be required to sign the section of questions to confirm that they have read the answers as written before signing, that the answers are true and complete to their best knowledge and belief, and that there are no exceptions to any answers other than as written, or statements to similar effect.

AGREEMENTS

- (1) The application shall include the statements agreed to by each proposed insured, such as:
 - (a) That they have read the application and all statements and answers as they pertain to them, and that these statements and answers are true and complete to the best of their knowledge and belief;
 - (b) That the statements and answers in the application are the basis for any policy issued by the company, and that no information about them will be considered to have been given to the company unless it is stated in the application;
 - (c) That a sales representative does not have the company’s authorization to accept risk, pass on insurability, or make, void, waive or change any conditions or provisions of the application, policy or receipt, as applicable;
 - (d) That the company will have no liability until:
 - (i) A policy is issued on this application and delivered to and accepted by the owner; and
 - (ii) The first premium due is paid in full while each proposed insured is alive.
- (2) The application may include an acknowledgement by each proposed insured of receipt of disclosures or illustrations as required by law.

Drafting Note: These standards are modified, as required or permitted by law, to enable fraternal to implement their respective articles and bylaws. See Appendix B.

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[This drafting note was intended to accommodate fraternal benefit societies’ use of the IIPRC.]

FRAUD NOTICE/WARNING

- (1) The application shall include a fraud notice/warning. The notice/warning shall include language similar to the following: “Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.”

SIGNATURE REQUIREMENTS

- (1) The application shall include a signature section which includes items such as: city and state where signed; date of signature; signature of each proposed insured of the age of majority required by the state; signature of spouse for spouse benefits; signature of parent, guardian or person liable for any proposed insured’s support; signature of owner if other than the proposed insured; title of officer signing as owner if owner is a corporation, partnership or trust; printed name and signature of a witness (the company may require that the sales representative sign as witness).

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ADDITIONAL STANDARDS FOR FRATERNAL BENEFIT SOCIETIES

The application may include the following:

MEMBERSHIP

The application may require the membership information a fraternal determines it needs to administer the insurance plan, such as membership status (new or existing), lodge number, term of membership, state of membership, etc.

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[The addition of this provision was intended to accommodate fraternal benefit societies' use of the IIPRC.]

Highlighting amendments approved by the Management Committee

**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.
- (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.

Appendix B
Fraternal Benefit Societies

Fraternal Benefit Societies ("fraternals") are subject to separate fraternal codes in all jurisdictions due to their unique structure, operations and legal obligations. The Drafting Notes included at the ends of the AGREEMENTS standards, the new section entitled ADDITIONAL STANDARDS FOR FRATERNAL BENEFIT SOCIETIES, and Appendix B are included in the standards to allow fraternals to experience the benefits of participating in the single point of filing and review process that the IIPRC offers, without jeopardizing their ability to meet their unique obligations and to operate as required or permitted by law.

By law, a fraternal is defined by five basic elements:

- 1. one without capital stock;

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2. one conducted solely for the benefit of its members and their beneficiaries by providing life, health and annuity benefits and by operating one or more social, educational, charitable, patriotic, or religious purposes for the benefit of members and others;
3. one that is a benevolent and charitable institution and not for profit;
4. one operated on a lodge system that may carry out charitable and other activities; and
5. one that has a representative form of government with a governing body and direct election of its members.

The laws governing fraternal impact the standards in several ways. Fraternal are required by law to issue insurance contracts that incorporate the laws of the Society and the application for membership. Thus, the contract must consist not only of the policy or certificate issued, and the application for insurance, but also the application for membership and the articles and bylaws. Further, the laws governing fraternal require or permit that the articles and bylaws address the structure of lodges, membership requirements, form of governance, grievance procedures, and eligible beneficiaries. Any amendments to the articles or bylaws made after issuance of a certificate must be applied consistently to all members retroactively. However, no amendment shall eliminate or reduce contractual benefits.

By law, fraternal are membership organizations. Because of this, the law refers to the insurance forms issued to members of a fraternal as "certificates" or "certificates of membership and insurance". Further, due to the membership requirements, fraternal certificates often include a provision stating that the insured and/or owner is a member and that the form that has been issued to evidence coverage is a certificate of membership and insurance. In addition, fraternal certificates may include a Maintenance of Solvency provision setting forth the legal rights and obligations in the case of a fraternal's financial impairment.

[The addition of this appendix was intended to accommodate fraternal benefit societies' use of the IIPRC.]

STANDARDS FOR LIFE APPLICATION CHANGE FORM

[This revision was intended to make these standards consistent with the naming of other standards.]

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 new business applications for coverage provided by individual life insurance policy forms.

These standards shall not apply to forms that are used to make changes to applications for Credit Life insurance or for any combination of life, annuity, disability income and long term care.

These standards are not intended to apply to forms that are used to make policy changes, such as conversion, reinstatement, exchange, re-qualification, or request to add benefits to an existing policy.

As used in these standards the following definitions apply:

“Application” means any form used to apply for life insurance that is filed for approval and may be attached to the policy at issue.

“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.

ADDITIONAL SUBMISSION REQUIREMENTS

The following additional filing submission requirements shall apply:

- (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 must 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 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 form shall have the same form number for each company, provided such form number is unique within each company.
- (3) If a filing is being submitted on behalf of a company, a letter or other document authorizing the firm to file on behalf of the company shall be included 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

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in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.

[This revision is intended to clarify the meaning of the provision.]

- (5) A certification signed by a company officer that the application change form has a minimum Flesch score of 50, if applicable. If an application change form or sections of an application change form are subject to federal jurisdiction, and accordingly the Appendix A requirements will not apply, the certification shall include a statement to that effect.

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[This revision is consistent with the readability certification requirements contained in uniform standards for policy forms.]

- (6) A statement of the types of applications with which the application change form will be used.

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.

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[This revision is intended to clarify the meaning of the provision.]

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. This requirement shall not apply to application change forms or section of application change forms that are subject to federal jurisdiction.
- (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.

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 policy forms with which the application change form will be used.

APPLICATION CHANGE FORM REQUIREMENTS

- (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

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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 insured, the date of the application, and the policy 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.

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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.
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 - (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.
- (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.