NOTICE OF PROPOSED RULE

Date Issued: January 24, 2007

Proposed Uniform Standard: Individual Term Life Insurance Policy Standards and Amendments to Adjustable Life Standards

(1) Purpose of Proposed New Rules: The Individual Term Life Insurance Policy Standards (the “proposed Standards”) specify additional submission requirements, form requirements and policy provisions for traditional forms of individual term life insurance, including renewable term for various term periods, term to a specified age, and decreasing term 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, reinstatement 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 (“Commission”) on December 8, 2006: Flexible Premium Adjustable Life Policy Standards, Joint Last to Die Survivorship Flexible Premium Adjustable Life, 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 (H) as follows. The page numbers provided correspond to the Flexible Premium Adjustable Life Policy Standards, although the conforming amendments are recommended to be made to each of the uniform standards listed in the preceding paragraph.

(A) ADDITIONAL SUBMISSION REQUIREMENTS Item (4) (p. 3)
If the specification page of the policy or contract contains variable items, the submission shall include the Statement of Variability—required in the specific Interstate Compact Commission national product standards. 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.

(B) VARIABILITY OF INFORMATION Item (3) (p. 5)
The following items shall only be changed upon prior approval—The change shall be contained in an endorsement, a replacement page, alternate page or complete new policy: …
(C) COVER PAGE Item (3) (p. 7)
The company’s complete mailing address for the home office or the office that will administer the policy shall appear on the cover page of the policy. The cover page of the policy shall include a telephone number of the company and, if available, some method of Internet communication. The telephone number of the insurance department of the state of issuance is required on either the cover page or the first specifications page.

(D) ASSIGNMENT (p. 9)
(1) The policy shall contain a provision allowing assignment, except in situations where restrictions are required for tax qualification purposes, and or for purposes of satisfying applicable laws or regulations.
(2) The policy shall not condition the owner’s right to assign the policy upon the owner’s prior receipt of an offer from the company or an affiliate to purchase the policy.
(3) The policy shall describe procedures for assignments and shall state that assignments, unless otherwise specified by the owner, shall take effect on the date the notice of assignment is signed by the owner, subject to any payments made or actions taken by the company prior to receipt of this notice.
(4) The policy may state that the company shall not be liable for the validity of the assignment.

(E) 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 the purposes of satisfying applicable federal laws or regulations.

(F) DEATH BENEFIT PROCEEDS Item (2) (p. 11)
(b) 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 Constant Maturity Rate as published by the Federal Reserve. In determining these effective annual rate or rates, the company shall use the rate in effect on the date due proof is received by the company of death.
(c) Interest will accrue at the effective annual rate determined in Item (b) above, plus additional interest at a rate of 10% annually beginning with the date that is 31 calendar days from the latest of Items (i), (ii) and (iii) to the date the claim is paid, where it is:
The date that due proof of death is received by the company; …

(G) OWNERSHIP (p. 21)

(2) The policy shall not condition the owner’s right to change the owner of the policy upon the owner’s prior receipt of an offer from the company or an affiliate to purchase the policy.

(23) The policy shall state that changes in owner designation, unless otherwise specified by the owner, shall take effect on the date the notice of change is signed by the owner, subject to any payments made or actions taken by the company prior to receipt of this notice.

(34) The policy shall describe how contingent owner and joint owner provision operate, if being made available.

(H) REINSTATEMENT Item (8)(a) (p. 24)

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. The reinstated policy may include an exception to the incontestability provision for fraud in the procurement of the reinstated policy only when permitted by applicable law in the state where the policy is delivered or issued for delivery.

(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 (“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 March 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, 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 must be received no later than February 13, 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, 701 Hall of the States, 444 North Capitol Street NW, Washington D.C. 20001-1509.