

Review Requirements Checklist  
INDIVIDUAL FLEXIBLE PREMIUM ADJUSTABLE LIFE

| REVIEW REQUIREMENTS                             | REFERENCES                           | COMMENTS   |
|---|--------------------------------------|--|
| <b>General Filing Requirements</b>              |                                      |  |
| Transmittal Letter                              | 14VAC5-100-40                        | <b>For Paper Filings:</b> Must be submitted in duplicate for each filing, describing each form, its intended use and kind of insurance provided.   |
|   | 14VAC5-100-40 1                      | Forms submitted and described in transmittal letter must have a number that consists of digits, letters or a combination of both.  |
|   | 14VAC5-100-40 2                      | Must clearly indicate if forms are replacements, revisions, or modifications of previously approved forms and describe the exact changes that are intended.  |
|   | 14VAC5-100-40 3                      | Certification of Compliance signed by General Counsel or officer of company or attorney or actuary representing company is required.   |
|   | 14VAC5-100-40 5                      | Description of market for which form is intended.  |
|   | 14VAC5-100-40 6                      | <b>For Paper Filings:</b> At least one copy of each form must be included in the filing. A duplicate copy of forms must be submitted if the company wants a “stamped” copy of forms for its records. A stamped self-addressed return envelope is required. The letter of transmittal must be addressed to: State Corporation Commission, Bureau of Insurance, P. O. Box 1157, Richmond, VA 23218.  |
|   | Administrative Letter 1983-7         | Must include the name and individual NAIC number of the company for which the filing is made.  |
| Variable Language                               |                                      | All variable information must be bracketed and explained in detail. A Statement of Variability (SOV) should be provided in all cases where variable information is presented. The SOV should be detailed and specific. It should identify each variable field appearing in the forms and describe specifically how that field will vary from the text as presented. For any variable numerical information, please express the minimum and maximum values. Any variable language must be defined sufficiently so that compliance with statutory or regulatory requirements can be determined. The SOV should be provided under Supporting Documentation. |
| <b>Additional SERFF Filing Requirements</b>     | <b>Administrative Letter 2012-03</b> | <b>Additional SERFF filing requirements must be met as specified below for life and health forms and rate filings.</b>   |
| <b>General Information – Filing Description</b> |                                      | (i) Description of each form by name, title, edition date, other; and intended use.  |
|   |                                      | (ii) Identification of changes in benefits and premiums (previously approved or filed forms). [Place changed contract provisions (red-lined or highlighted) in Supporting Documentation].  |
|   |                                      | (iii) Identification of SERFF or state tracking number for the previously approved or filed form for which the new form revises, replaces, or is intended to be used.  |
|   |                                      | (iv) A statement as to whether any other regulatory body has withdrawn approval of the form because the form contains one or more provisions that were deemed to be misleading, deceptive or contrary to public policy.  |

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| <b>HELP TIP:</b>             |                                 | If a form or rate filing is submitted as new in Virginia, but was previously disapproved or withdrawn in Virginia, please provide details such as the state tracking information, form number, and the date that the form or rate filing was disapproved or withdrawn, if available.   |
| <b>Forms</b>                 |                                 |  |
| Form Number                  | 14VAC5-100-50 1                 | Form number must appear in lower left-hand corner of first page of each form.  |
| Company Name & Address       | 14VAC5-100-50 2                 | Full and proper corporate name (including "Inc.") must prominently appear on cover sheet of all policies and other forms. Home office address of insurer must prominently appear on each policy.   |
| Final Form                   | 14VAC5-100-50 3                 | Form must be submitted in the form in which it will be issued and completed in "John Doe" fashion to indicate its intended use.  |
| Application                  | 14VAC5-100-50 4                 | Any form, which is to be issued with an attached application must be filed with a copy of the application completed in "John Doe" fashion to indicate its intended use. (If an application was previously approved, advise date of approval).  |
| Type Size                    | 14VAC5-100-50 5<br>& § 38.2-311 | Forms must be printed in a type size of at least 8-point type.   |
| Arbitration                  | § 38.2-312                      | Contract may not deprive courts of Virginia jurisdiction in actions against insurer. Arbitration may not be binding.   |
| Fraud Notice                 | § 38.2-316 D 1                  | Title 38.2 of the Code of Virginia does not define "Insurance Fraud". Any fraud notice that includes the term "insurance fraud" is not in compliance with this section of the Code. In Virginia, a fraud notice relating to life insurance, annuities, accident and sickness, health maintenance organizations, health services plans, credit accident and sickness and credit life insurance should not include references to imprisonment or fines. Variations in a notice warning of consequences of making fraudulent statements will be considered. |
| <b>Disclosures</b>           |                                 |  |
| Contents of Policies         | § 38.2-305 A                    | Each policy/contract shall specify the:<br>(1) The names of parties to the contract,<br>(2) The subject of the insurance,<br>(3) The risk insured against,<br>(4) The time the insurance takes effect, and the period during which the insurance is to continue,<br>(5) A statement of premium,<br>(6) Conditions pertaining to the insurance.   |
| Important Information Notice | § 38.2-305 B                    | Each new or renewal policy/contract/certificate/evidence of coverage shall be accompanied by an important notice as stated in the statute.   |

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| Beneficiary Notice                  | § 38.2-305 C                   | Every life policy that states that the beneficiary is the spouse of the policy owner must contain a beneficiary notice either attached to or incorporated into the first page of the policy.  |
| <b>General Policy Provisions</b>    |                                |   |
| Suicide                             | § 38.2-3106 B                  | If the policy includes a suicide provision, the provision shall be no more restrictive than limiting the liability of an insurer to an insured who dies by his own act within 2 years from the date of the policy. The insurer shall be obligated to return or pay at the least the amount of the premium paid for the policy.  |
| Contestability of Reinstated Policy | § 38.2-3109                    | The policy may be contestable on account of fraud or misrepresentation of any material fact contained in the application for reinstatement only for the same period after reinstatement of the policy provided for contestability.  |
| Educational Loans                   | § 38.2-3113.3                  | May be added to life policies provided that all of the eligibility qualifications amounts of funds and terms of the loan are specified. The loan will be granted provided that the applicant has met all of the requirements. Any advertising material used with this benefit must be filed and approved by the Commission under § 38.2-316.  |
| Interest on Life Proceeds           | § 38.2-3115                    | If an action to recover the proceeds under any life policy results in a judgement against the insurer, the legal rate of interest shall be paid from the date of presentation of proof of death, or the date of maturity of an endowment policy, to the date that the judgement was entered. If no action was brought, interest upon the principal sum shall be computed daily at an annual rate of 2½% or at the annual rate currently paid by the insurer on proceeds left under the interest settlement option, whichever is greater, commencing from the date of death. |
| Deferral on Cash Surrender Values   | § 38.2-3202 C                  | The insurer may defer payment of the cash surrender value for no more than 6 months.  |
| Loan Value/Deferral on Loans        | § 38.2-3218                    | The loan value shall be the cash surrender value at the end of the policy year. The insurer shall have the right to defer a loan for up to 6 months after application for the loan is made, except when the loan is made to pay premiums to the insurer.  |
| Free Look Period                    | § 38.2-3301                    | Each policy shall contain a statement that the policy owner has at least 10 days from the date of the policy in which to review the policy and return it to the company for a full refund of any premium paid.  |
| Premiums in Advance                 | § 38.2-3302                    | Each policy shall contain a provision that states that all premiums, after the first premium, shall be payable in advance.  |
| Grace Period                        | § 38.2-3303 A &<br>§ 38.2-3315 | Each policy shall contain a provision that the insured is entitled to a grace period of at least 60 to 62 days in which to pay premiums after the first premium.  |
| Entire Contract                     | § 38.2-3304 A                  | Each policy shall contain a provision that states that the policy and the attached application constitute the entire contract.  |
|                                     | § 38.2-3304 B 1                | Each policy shall contain a provision that states that all statements shall be deemed representations and not warranties.   |

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|                               | § 38.2-3304 B 2              | Each policy shall provide that no statements shall be used in defense of a claim under the policy unless it is contained in a written application that is endorsed upon or attached to the policy when issued or delivered.   |
| Incontestability              | § 38.2-3305                  | Each policy shall contain a provision that the policy shall be incontestable after it has been in force for 2 years from its date of issue, except for nonpayment of premiums.  |
| Misstatement of Age           | § 38.2-3306                  | Each policy shall contain a provision that if the age of the insured was found to have been misstated, the amount payable under the policy shall equal the amount that the premium would have purchased at the insured's or other person's correct age at the time the policy was issued.   |
| Participation in Surplus      | § 38.2-3307 A                | Any policy that is participating in surplus shall provide that annual dividends be paid in cash. If other dividend options are provided, the policy must state which options will be effective if the insured does not elect any option on or before the expiration of the grace period.  |
| Policy Loans                  | § 38.2-3308 A                | If the policy includes a loan provision, the policy shall provide that, after it has been in force for 3 years, the owner may advance a sum equal to or, at the option of the owner, less than the amount required by § 38.2-3218. The maximum loan amount cannot be less than 100% of the cash surrender value.  |
|                               | § 38.2-3308 C 1              | The policy loan interest rate provision shall permit a maximum fixed rate of not more than 8% per year or an adjustable maximum interest rate established from time to time by the insurer. The adjustable rate shall not exceed the greater of the Published Monthly Average for the calendar month ending 2 months before the date on which the rate is determined or the rate used to compute the cash surrender values under the policy plus 1% per year. |
|                               | § 38.2-3308 C 4              | If the maximum interest rate is determined pursuant to the Published Monthly Average, the policy shall contain a provision setting forth the frequency at which the rate is to be determined for that policy.   |
|                               | § 38.2-3308 D                | The insurer may deduct from the loan value any indebtedness not already deducted in determining the value of any unpaid balance of the premium and any interest that may be allowable on the loan to the end of the current policy year. If interest on the loan is not paid when due, it will be added to the existing loan and bear interest at the same rate.  |
| Reinstatement                 | § 38.2-3311 &<br>§ 38.2-3315 | This section allows the company to charge that amount necessary to have maintained coverage during the time the company was on the risk for the grace period, which results in a premium sufficient to keep the policy in force for 2 to 6 months. This section must be consistent with the Grace Period.   |
| Settlement/Due Proof of Death | § 38.2-3312                  | When a death claim arises, settlement shall be made upon receipt of due proof of death.   |
| Settlement Tables             | § 38.2-3313                  | If policy proceeds are payable in installments that are determinable prior to the maturity of the policy, the policy shall contain a table showing the guaranteed installments.   |

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| Title of Policy  | § 38.2-3314             | Each policy must include, on its face page, a title that briefly and accurately describes the nature and form of the policy. The only acceptable title in Virginia is "Flexible Premium Adjustable Life Insurance".   |
| <b>Miscellaneous Requirements</b>                                    |                         |   |
| Variations of Certain Forms  | §§ 38.2-3315 & 38.2-316 | The universal life contract has been approved conceptually in accordance with §§ 38.2-3315 and 38.2-316 of the Code of Virginia. Certain requirements of Virginia law have been waived or modified to accommodate this particular type of product.  |
| Statement of Policy Cost and Benefit Information/Policy Illustration |                         | The proposal must show benefits for at least 20 years consecutively, as well as ages 60, 65 and 70. It must also show a minimum of two tables: one for current values and one for guaranteed values. Additionally, if more than one page is involved, the pages of the report must be serialized. <b><i>(Although Virginia did not adopt the NAIC Life Illustrations Model Regulation, we will accept the illustration in lieu of the proposal as long as the company provides WRITTEN certification that the illustration complies with the Model Regulation).</i></b> |
| Annual Report  |                         | The annual report must disclose all policy activity on a monthly basis. The report should also provide the following footnote whenever an analysis of the forthcoming year would indicate: <i>"According to our projection, your net cash value may not be sufficient to continue coverage to the next anniversary date,"</i> or similar language.  |
| Data Page Warning  |                         | The maturity date which appears on the specifications page should be footnoted to disclose the following: <i>"It is possible that coverage will expire prior to the maturity date shown, where either no premiums are paid following the initial premium, or subsequent premiums are insufficient to continue coverage to such date,"</i> or other similar language.  |
| Delivery Receipt   |                         | The policy/proposal receipt is signed by the owner and agent assuring delivery of the policy and proposal. A copy must be retained by the home office. (If an illustration is used that complies with the NAIC Life Illustrations Model Regulation and the Company has provided written certification that the illustration complies with the Model Regulation, we will accept the illustration in lieu of the delivery receipt).   |
| Actuarial Memorandum   |                         | The actuarial memorandum should include information regarding the reserve methodology and provide a nonforfeiture demonstration.  |
| Proposal Provision   |                         | The policy must include a provision referencing the availability of additional proposals. A nominal fee may be charged for this service.  |

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**Access to Administrative Letters, Administrative Orders, Regulations and Laws is available at:  
<http://www.scc.virginia.gov/boi/laws.aspx>**

The Forms and Rates Section of the Life and Health Division reviews individual flexible premium adjustable life insurance. Please contact this section at (804) 371-9110 if you have questions or need additional information about this line of insurance.

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I hereby certify that I have reviewed the attached individual flexible premium adjustable life filing and determined that it is in compliance with the individual flexible premium adjustable life checklist.

Signed: \_\_\_\_\_

Name (please print): \_\_\_\_\_

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_ Phone No: ( ) \_\_\_\_\_ FAX No: ( ) \_\_\_\_\_

E-Mail Address: \_\_\_\_\_