

Review Requirements Checklist
ACCELERATED DEATH BENEFITS

REVIEW REQUIREMENTS	REFERENCES	COMMENTS
General Filing Requirements		
Transmittal Letter	14VAC5-100-40	For Paper Filings: 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 the form is intended.
	14VAC5-100-40 6	For Paper Filings: 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 following 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.
Additional SERFF Filing Requirements	Administrative Letter 2012-03	Additional SERFF filing requirements must be met as specified below for life and health forms and rate filings.
General Information – Filing Description		(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.

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		(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.
HELP TIP:		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.
Forms		
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 final 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 application was previously approved, advise date of approval).
Type Size	14VAC5-100-50 5	Forms must be printed in a type size of at least 8-point type.
Standard Provisions		
Definitions	14VAC5-70-40 & § 38.2-3115.1 A	" Accelerated benefits " means benefits payable under a life insurance contract in anticipation of death or upon the occurrence of specified life-threatening or catastrophic conditions, as defined by the policy or rider, which reduce the death benefit otherwise payable under the life insurance contract and which are payable upon the occurrence of a single qualifying event. A " Qualifying event " can be one or more events as described in the Regulation.
Assignee/Beneficiary	14VAC5-70-60	The insurer must obtain written permission from any assignee or irrevocable beneficiary.
Criteria for Payment	14VAC5-70-70 A	Contract payment options shall include the option to take the benefit as a lump sum.
Restrictions on Proceeds	14VAC5-70-70 B	No restrictions are permitted on the use of the proceeds.
Accidental Death Benefit Provisions	14VAC5-70-70 C	If any death benefit remains after payment of an accelerated benefit, the accidental death provision, if any, in the policy or rider shall not be affected by the payment of the accelerated benefit.
Title	14VAC5-70-80 A	The terminology "accelerated benefit" must be included in the title. Products regulated under 14VAC5-70-10 et seq. shall not be described or marketed as long-term care insurance or as providing long-term care or other type of illness benefits.
Effective Date	14VAC5-70-90	The benefit provision shall be effective for accidents from the effective date of the policy or rider. The benefit provision shall be effective for illness no more than 30 days following the effective date of the policy or rider.

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Waiver of Premium	14VAC5-70-100	The insurer may offer a waiver of premium for the accelerated benefit provision in the absence of a regular waiver of premium provision being in effect. At the time the benefit is claimed, the insurer shall explain any continuing premium requirement to keep the policy in force.
Discrimination	14VAC5-70-110	Insurers shall not unfairly discriminate among insureds with differing qualifying events covered under the policy or rider among insureds with similar qualifying events covered under the policy or rider. Insurers shall not apply further conditions on the payment of the accelerated benefits other than those conditions specified in the policy or rider.
Financing Options	14VAC5-70-120 A 1	The insurer may require a premium charge or cost of insurance charge for the accelerated benefit. These charges shall be based on sound actuarial principles. In the case of group insurance, the additional cost may also be reflected in the experience rating.
	14VAC5-70-120 A 2	The insurer may pay a present value of the face amount. The calculation shall be based on any applicable actuarial discount appropriate to the policy design.
	14VAC5-70-120 A 3	The insurer may accrue an interest charge on the amount of the accelerated benefits. The interest rate or interest rate methodology used in the calculation shall be based on sound actuarial principles and disclosed in the contract or actuarial memorandum.
	14VAC5-70-120 B 1	Except as provided in subsection B 2, when an accelerated benefit is payable, there shall be no more than a pro rata reduction in the cash value based on the percentage of death benefits accelerated to produce the accelerated benefit payment.
	14VAC5-70-120 B 2	Alternatively, the payment of accelerated benefits, any administrative expense charges, any future premiums and any accrued interest can be considered a lien against the death benefit of the policy or rider and the access to the cash value may be restricted to any excess of the cash value over the sum of any other outstanding loans and the lien. Future access to additional policy loans could also be limited to any excess of the cash value over the sum of the lien and any other outstanding policy loans.
	14VAC5-70-120 C	When payment of an accelerated benefit results in a pro rata reduction in the cash value, the payment may not be applied toward repaying an amount greater than a pro rata portion of any outstanding policy loans.
Disclosures		
Statements (Written Disclosures)	14VAC5-70-80 B	A disclosure statement is required at the time of application for the policy or rider and at the time the accelerated benefit payment request is submitted. The first page of the policy, rider and any other related documents must disclose that receipt of accelerated benefits may be taxable and that assistance should be sought from a personal tax advisor.

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	14VAC5-70-80 C	The disclosure that is given to the policyowner at the time of application must provide a brief description of accelerated benefits and definitions of conditions triggering payment of benefits. The description must include an explanation of any effect of payment of the benefit on the policy's cash value, accumulation account, death benefit, premium, policy loans and policy liens. In the case of agent solicited insurance, the disclosure must be signed by the applicant and the agent. In the case of group insurance, the disclosure must be contained as part of the certificate or any related document furnished by the insurer to the individual certificate holder.
	14VAC5-70-80 D	The disclosure that is given to the policyowner at the time the benefit is requested must SHOW any effect that the payment of the accelerated benefit will have on the policy's cash value, accumulation account, death benefit, premium, policy loans and policy liens. The disclosure must also indicate that receipt of accelerated benefit payments may adversely affect recipient's eligibility for Medicaid or other government benefits and that receipt of benefit payments may be taxable and assistance should be sought from a personal tax advisor.
Actuarial		
Disclosure (Memorandum)	14VAC5-70-130 A	A qualified actuary should describe the accelerated benefits, the risks, the expected costs and the calculation of statutory reserves in an actuarial memorandum accompanying each filing. The insurer shall maintain, in its files, descriptions of the bases and procedures used to calculate benefits payable under these provisions. The descriptions must be made available for examination by the Commission upon request.
Reserves	14VAC5-70-130 B 1	When benefits are provided through the acceleration of benefits under group or individual life policies or riders to such policies, policy reserves shall be determined in accordance with §§ 38.2-3126 through 38.2-3144.
	14VAC5-70-130 B 2	For policies and certificates that provide actuarially equivalent benefits, no additional reserves need to be established.

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 accelerated death benefits. 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 accelerated death benefit filing and determined that it is in compliance with the accelerated death benefit checklist.

Signed: _____

Name (please print): _____

Company Name: _____

Date: _____ Phone No: () _____ FAX No: () _____

E-Mail Address: _____