



IIPRC-L-06-I-4

**ADDITIONAL STANDARDS FOR PRIVATE PLACEMENT PLANS FOR  
INDIVIDUAL VARIABLE ADJUSTABLE LIFE INSURANCE POLICIES CHECKLIST  
(For use with Individual Variable Adjustable Life Insurance Policies)**

Effective Date: April 3, 2023

**Scope:** These standards apply to private placement plans that are built in to individual variable adjustable life insurance policies. Private placement plans are variable policies that are issued exclusively to qualified owners and provide for benefits that vary in relation to the performance of an underlying separate account where the separate account invests in one or more funds that are exempt from registration with the Securities and Exchange Commission (SEC) under the *Investment Company Act of 1940*, as amended. Private placement plans also offer non-exempt funds.

**Mix and Match:** These standards are available to be used in combination with State Product Components as described in § 111(b) of the Operating Procedure for the Filing and Approval of Product Filings. Please note that this applies to the entire state or Compact approved forms and NOT to particular provisions contained within such forms. Submit the following:

1. STATEMENT OF INTENT indicating the intent to use one or more State Product Components with a Commission Product Component. The Statement of Intent must identify the Compacting State(s) wherein the combined Product Components will be offered or sold, and sufficiently identify for each of such Compacting State(s) the State Component(s) that will be used with the Commission Component by listing the form numbers and Compacting State approval dates; and
2. CERTIFICATION stating that the combination of a Commission Component and a State Component does not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, or exceptions or conditions that unreasonably affect the risk purported to be assumed. The Certification must be signed by a company officer. This Certification shall not give rise to any presumption that the combination of Product Components, in fact, meets this standard for purposes of any action by the Commissioner of a Compacting State to prohibit the combined use of a Commission Product Component with a State Product Component.

**Self-Certification:** These standards are not available to be filed using the Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission.

Filing Information Notice (FIN) 2009-4 provides more guidance regarding the submission of filings using the “Mix and Match” process.

As used in these standards the following definitions apply:

“Contribution” is an investment into an exempt fund resulting from an allocation of net premiums, repayment of loans or transfers into an exempt fund. A contribution may be subject to a specified minimum amount.

“Contribution date” is the date established for the purpose of allowing contributions into an exempt fund. Contribution dates may vary for each exempt fund.

“Contribution notice period” is the minimum number of days of advance notice required before a contribution date if a qualified owner intends to make a contribution. Contribution notice periods may vary for each exempt fund.

“Exempt Fund” is an investment fund (including managed separate accounts) that is exempt from registration with the SEC under the *Investment Company Act of 1940*, as amended.

“Liquidity date” is a date that redemptions from an exempt fund are received by the company. Liquidity dates may vary for each exempt fund or type of redemption. Each liquidity date has a corresponding redemption date. There are situations where a single redemption date may result in multiple liquidity dates.

“Redemption” is a distribution from an exempt fund for death benefits, surrenders, partial withdrawals, policy charges, loans, or transfers from an exempt fund. A redemption of a portion of the exempt fund may be subject to a specified minimum amount.

“Redemption date” is the effective date for processing a redemption. After that date, the value of a redemption is no longer subject to exempt fund performance and the value of the redemption will instead be calculated as of that date. There are situations where there are multiple redemption dates for a requested redemption.

“Redemption notice period” is the minimum number of days of advance notice required before a redemption date if a qualified owner intends to request a redemption. Redemption notice periods may vary for each exempt fund or type of redemption.

“Qualified owner” is an owner who is an accredited investor or qualified purchaser, or both, as those terms are defined by the *Securities Act of 1933*, as amended, the *Investment Company Act of 1940*, as amended, or the regulations promulgated under either of those acts.

**Drafting Note:** Certain exempt funds may be available only to qualified owners who are also “qualified clients” as defined by the *Investment Advisors Act of 1940* or “qualified eligible purchasers” as defined by the *Commodities Futures Act*.

**Drafting Note:** Other terms may be used in the policy provided they are used consistently.

In addition to the Core Standards requirements for the applicable variable adjustable life policy, the following standards, as appropriate, apply:

**§ 1. ADDITIONAL SUBMISSION REQUIREMENTS**

**A. VARIABILITY OF INFORMATION**

YES NA

		(1) The company may identify product specifications that may be changed without prior approval, as long as the Statement of Variability presents reasonable and realistic ranges for the item. These items include categories of qualified owners.
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**§ 2. GENERAL FORM REQUIREMENTS**

**A. COVER PAGE**

YES NA

		(1) The policy shall contain a brief description that shall appear in prominent print on the cover page of the policy or is visible without opening the policy. The brief description shall contain at least the following information:
		(a) A caption of the type of coverage provided; for example, private placement flexible premium variable adjustable life policy.

**§3. POLICY PROVISIONS**

**A. ASSIGNMENT**

YES NA

		(1) The policy shall contain an assignment provision. The policy shall not include any restrictions on the availability of policy assignments, except in situations where restrictions are required for purposes of satisfying applicable laws or regulations, or the requirement that the assignee be a qualified owner.
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**B. DEATH BENEFIT PROCEEDS**

YES NA

		(1) For that portion of the death benefit equal to the value of an exempt fund, interest shall not begin to accrue until the liquidity date(s) of the applicable exempt fund following the receipt of due proof of death, as specified in the policy.
		(2) The additional 10% interest rate on death benefits shall not apply any earlier than 31 calendar days after the liquidity date of the applicable exempt fund.

**C. DEFERRAL AND VALUATION OF PAYMENTS**

YES NA

		(1) The policy may provide that the company reserves the right, at its discretion, to defer the determination of any redemption, except for a death benefit attributable to an exempt fund until the next redemption date, subject to a specified redemption notice period, as specified in the policy. The policy may also provide that the company reserves the right, at its discretion, to defer payment of any redemption until the liquidity date(s) associated with the next redemption date.
		(2) The policy may provide that the company reserves the right, at its discretion, to defer the determination and payment of the portion of the death benefit whose value is dependent on the amounts invested in an exempt fund until the valuation

		corresponding to the redemption date for the death benefit has been completed. The policy may also provide that the company may estimate the value of the exempt fund in making the determination of the portion of the death benefit that is not deferred. The policy may also provide that the company reserves the right, at its discretion, to defer payment of such portion of the death benefit equal to the value of such exempt fund until the next liquidity date(s) following receipt of due proof of death, subject to a specified redemption notice period
		(3) If the company chooses to defer surrender payments as in Paragraph (1) of this section, the policy may provide that all insurance coverage ends on the date the surrender request is received (or some later date as requested by the owner and agreed to by the company). Such provision shall state that on such surrender date all cost of insurance charges will be discontinued and the death of the insured after that date will not trigger a death benefit payment, even if the cash value has not been fully paid out.

#### D. LOANS

YES NA

		(1) The policy may limit to qualified owners the availability of loans.
		(2) The policy may defer loans from an exempt fund until the next liquidity date(s).
		(3) The policy may require that the repayment of loans be allocated to a non-exempt fund or the general account until the next contribution date of the exempt fund. The repayment allocated to the exempt fund will then be the value in effect as of the applicable contribution date.

#### E. OWNERSHIP

YES NA

		(1) The policy shall contain an ownership provision. The provision shall describe the procedures for designating or changing the owner and indicating when the designation is effective. The policy shall not include any restrictions on change of owner other than for purposes of satisfying applicable laws or regulations, or the requirement that the new owner be a qualified owner.
		(2) The policy shall only be sold or transferred in a transaction that is exempt from registration under the Securities Act of 1933, as amended.
		(3) The policy shall state that the owner must be a qualified owner to make payments into the policy or to make transfers among the investment divisions, but if the owner ceases to be a qualified owner, the owner is eligible to exchange the policy for a plan of life insurance currently being offered by the company that does not require qualified owner status, as described in the POLICY EXCHANGE section below, or to transfer funds from an exempt fund to a non-exempt fund or the general account as described in the TRANSFERS section. If the owner takes no action, the owner may be required to surrender the policy for cash, all subject to the liquidity date(s) and specified redemption notice periods.
		(4) If the policy has multiple owners, they shall all be qualified owners at the time they become owners.

**F. PARTIAL WITHDRAWALS**

YES NA

		(1) The policy may limit to qualified owners the ability to make partial withdrawals.
		(2) The policy may defer partial withdrawals from an exempt fund until the next liquidity date(s).

**G. PAYMENT OF PREMIUM**

YES NA

		(1) The policy shall limit to qualified owners the ability to pay additional premiums.
		(2) The policy may require that the net premium be allocated to a non-exempt fund or the general account until the next contribution date of an exempt fund. The net premium allocated to the exempt fund will then be the value in effect as of the applicable contribution date.

**H. POLICY ADJUSTMENTS**

YES NA

		(1) The policy may require that only qualified owners be permitted to make policy adjustments (increase or decrease the specified amount, or change in death benefit options).
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**I. POLICY EXCHANGE**

YES NA

		(1) The policy may state that if at any time the owner ceases to be a qualified owner, the owner shall be permitted or required to exchange the policy for a plan of life insurance currently being offered by the company that does not require qualified owner status, subject to the following conditions described in the policy:
		(a) The new policy will have a specified amount equal to the specified amount of the private placement policy;
		(b) Evidence of insurability shall not be required unless the net amount at risk is increased; and
		(c) Any other conditions.
		(2) With respect to the new policy, the following applies:
		(a) A policy exchange shall not trigger a new contestable period, unless the net amount at risk is increased. If the net amount at risk is increased, contestability may apply to the increased amount for up to two years beginning with the date of issue of the new policy. The new policy may include an exception to the incontestability provision for fraud in the procurement of the new policy when permitted by applicable law in the state where the policy is delivered or issued for delivery.
		(b) A policy exchange shall not trigger a new suicide exclusion period, unless the net amount at risk is increased. If the net amount at risk is increased, a suicide

		exclusion may apply to the increased amount for up to two years, or any shorter period as may be required by applicable law in the state where the policy is delivered or issued for delivery, beginning with the date of issue of the new policy.
		(c) If a policy contains a reinstatement provision or other policy provision that references the subject matter of Paragraph (2)(a) and/or (2)(b) of this section, the policy references shall be consistent with such Paragraphs.

**J. POLICY TRANSACTIONS**

**YES NA**

		(1) The policy may provide that contributions occur only on a specified contribution date and after the qualified owner satisfies the specified contribution notice period.
		(2) The policy may provide that redemptions occur only as of a specified redemption date and after the qualified owner satisfies the specified redemption notice period.

**K. REINSTATEMENT**

**YES NA**

		(1) The policy may require that only qualified owners be permitted to reinstate the policy.
		(2) If the owner ceases to be a qualified owner, the policy may allow reinstatement of the policy’s insurance coverage under a plan of life insurance currently being offered by the company that does not require qualified owner status, subject to the same reinstatement conditions as in the <i>Individual Flexible Premium Variable Adjustable Life Insurance Policy Standards</i> .

**L. REPORTS TO OWNER**

**YES NA**

		(1) The policy shall state that the annual report will include at least the following:
		(a) An indication, if applicable, that payment of the cash value and death benefit shown in the report may be deferred.

**M. SURRENDERS**

**YES NA**

		(1) If the owner ceases to be a qualified owner, and the owner does not elect a remedy available under the policy, the policy may require that the policy be surrendered. The policy shall describe any surrender charges which may apply if the owner is required to surrender the policy.
		(2) The policy may defer a redemption for a surrender request as described in § 3C. DEFERRAL AND VALUATION OF PAYMENTS. If the determination and payment of a redemption attributable to an exempt fund is deferred for cash surrender, any required interest on the deferred payment shall not begin to accrue until the liquidity date(s) of the applicable exempt fund(s) for that portion of the cash value that is attributable to an exempt fund(s).

**N. TRANSFERS**

**YES NA**

		(1) The policy shall require that only qualified owners are permitted to transfer funds into an exempt fund.
		(2) The policy may require that any transfers to an exempt fund be allocated to a non-exempt fund or the general account until the next contribution date of the exempt fund. The transfer allocated to the exempt fund will then be the value in effect as of the applicable contribution date.
		(3) If the owner ceases to be a qualified owner, the policy may provide that the company reserves the right, at its discretion, to require a transfer from an exempt fund to a non-exempt fund or the general account.

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