



IIPRC-L-02-I-1

**INDIVIDUAL SINGLE PREMIUM ENDOWMENT INSURANCE
POLICY STANDARDS CHECKLIST**

Effective Date: April 3, 2023

Scope: These standards are intended to apply to traditional forms of individual single premium endowment insurance and the applicable provisions providing for paid-up insurance.

The standards do not apply to Plans that are interest sensitive with an account value or plans that provide joint and last to die survivorship coverage. Additional standards apply to plans providing return of premium benefits (intermediate period endowment benefits) or plans providing early duration reduced benefits.

As used in these standards the following definitions apply:

“Cash surrender value” is the cash value reduced by indebtedness.

“Cash value” is the guaranteed cash value for the plan of insurance.

Drafting Notes:

Other terms may be used in the policy provided that they are used consistently.

The references to “policy” do not preclude Fraternal Benefit Societies from substituting “certificate” in their forms.

Mix and Match: These standards are available to be used in combination with State Product Components as described in Section 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.

§ 1 ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

YES NA

		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. The specifications page of a policy shall be completed with hypothetical data that is realistic and consistent with the other contents of the policy and any required actuarial memorandum in support of nonforfeiture values.
		(2) If a filing is being submitted on behalf of a company, include a letter or other document authorizing the firm to file on behalf of the company.
		(3) If the filing contains an insert page, an explanation of when the insert page will be used should be included in the filing.
		(4) If the specifications page of the policy contains variable items, the submission shall include the Statement of Variability required in the specific Interstate Insurance Product Regulation 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.
		(5) Include a certification signed by a company officer that the policy form has a minimum Flesch Score of 50.
		(6) A description of any innovative or unique features of each policy form.
		(7) State whether the policy is sex-distinct or unisex. If sex-distinct, the company shall confirm that the policy will not be issued in any employer-employee plans that are subject to the <i>Norris</i> decision and/or Title VII of the Civil Rights Act of 1964.
		(8) Appropriate policy pages completed for each type of rating used by the company; for example, percentage of standard class premium, extra premium, temporary or permanent flat charge per \$1,000 to demonstrate how the policy will disclose the rates and charges applicable to each type of rating class. This is not intended to require pages for all rating classes, but only examples of each type of rating applied by the company.

B. ACTUARIAL MEMORANDUM REQUIREMENTS

YES NA

		(1) Include an actuarial memorandum prepared, dated and signed by the member of the American Academy of Actuaries who provides the following information concerning the determination of the nonforfeiture values (including both cash surrender values and paid-up nonforfeiture values):
		(a) A demonstration that the nonforfeiture values of the policy comply with the standards of the NAIC Standard Nonforfeiture Law for Life Insurance, model

		#808. The smoker/nonsmoker mortality tables in the NAIC Model Rule (Regulation) Permitting Smoker/Nonsmoker Mortality Tables For Use In Determining Minimum Reserve Liabilities And Nonforfeiture Benefits, or the mortality rates which are a blend of the male and female rates in the NAIC Procedure For Permitting Same Minimum Nonforfeiture Standards For Men and Women Insured Under 1980 CSO And 1980 CET Mortality Tables, or any other mortality tables approved for use by the NAIC in determining minimum nonforfeiture values, may be used in determining minimum nonforfeiture values. The company shall use the composite mortality table for issue ages at which there is no distinction between smoker and nonsmoker mortality rates and continue to use the table for all future attained ages;
		(b) A description of the policy and policy provisions which affect the nonforfeiture values;
		(c) The formulae, assumptions and methodology used;
		(d) Sample calculations for representative issue ages including issue age 35 if within the issue age range;
		(e) Include a statement at the end of the actuarial memorandum certifying that the nonforfeiture values available under the policy equal or exceed the minimums required under the NAIC Standard Nonforfeiture Law for Life Insurance, model #808, for all ages, rate classes and durations at which the policy is available; and
		(f) The range of issue ages and the minimum specified amount for which the policy will be issued.

C. VARIABILITY OF INFORMATION

YES NA

		(1) The company may identify items that will be considered variable only in the specifications page. The item 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.
		(2) Any change or modification shall be limited to only new issues of the policy and shall not apply to in force policies.
		(3) The following items shall only be changed upon prior approval:
		(a) Mortality tables;
		(b) Interest rate for cash value and nonforfeiture benefits;
		(c) Endowment periods; and
		(d) Settlement option tables.
		(4) In addition to the items listed in Paragraph (3) above, a change or modification to any other item not specifically listed that may affect the derivation and compliance of policy nonforfeiture values with any required minimum nonforfeiture values shall also be subject to prior approval. All submissions for approval of a change shall be

		accompanied by a demonstration, if applicable, signed by a member of the American Academy of Actuaries, that the policy continues to comply with the NAIC Standard Nonforfeiture Law for Life Insurance, model #808.
		(5) The company may also identify product specifications that may be changed without prior notice or approval, as long as the Statement of Variability presents reasonable and realistic ranges for the item. These items include minimum loan amounts, charges for supplemental benefits and options, any ages assumed in the calculation of benefits and options, and policy loan interest rates. A zero entry for a range of values on the specifications page for any benefit or credit provided for in the language of the policy is unacceptable. Any change to a range requires a re-filing for prior approval and shall be accompanied by a demonstration, if applicable, signed by a member of the American Academy of Actuaries, that the policy continues to comply with the NAIC Standard Nonforfeiture Law for Life Insurance, model #808.
		(6) Notwithstanding Paragraph (1) above, items such as the insurance department address and telephone number, company address and telephone number, officer titles, and signatures of officers located in other areas of the policy may be denoted as variable and changed without notice or prior approval.
		(7) If the policy is for use with more than one plan, the various level premium period or term periods shall be identified as a variable item on the specifications page. Examples of acceptable plans would include (a) various premium-paying periods, such as 20 Pay Endowment or Endowment Paid Up at 65, but would not include a single premium plan, which contains significantly different standard provisions, and (b) various endowment periods. Drafting Note: The working group believes the above provisions address the issue. Industry may provide examples with specific detail to demonstrate the kinds of variability that they would seek in policies that is not contemplated by this section.

D. READABILITY REQUIREMENTS

YES NA

		(1) The policy 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.
		(2) The policy shall be presented, except for specifications pages, schedules and tables, in not less than ten point type, one point leaded.
		(3) The style, arrangement and overall appearance of the policy shall give no undue prominence to any portion of the text of the policy or to any endorsements or riders.
		(4) The policy shall contain a table of contents or an index of the principal sections of the policy, if the policy has more than 3,000 words printed on three or fewer pages of text or if the policy has more than three pages regardless of the number of words.

§2 GENERAL FORM REQUIREMENTS

A. COVER PAGE

YES NA

		(1) The full corporate name, including city and state of the company shall appear in prominent print on the cover page of the policy. “Prominent print” means, for example, all capital letters, contrasting color, underlined or otherwise differentiated
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		from the other type on the form.
		(2) A marketing name or logo may also be used on the cover page of the policy provided that the marketing name or logo does not mislead as to the identity of the company.
		(3) 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 where the policy is delivered or issued for delivery is also required on either the cover page or the first specifications page.
		(4) Two signatures of company officers shall appear on the cover page of the policy.
		(5) A Right to Examine Policy provision that shall appear on the cover page of the policy or is visible without opening the policy.
		(6) A form identification number shall appear at the bottom of the 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 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.
		(7) A brief description that shall appear in prominent print on the cover page of the policy or be visible without opening the policy. The brief description shall contain at least the following information:
		(a) A caption of the type of endowment coverage provided; for example, Single Premium Endowment Life Insurance;
		(b) An indication as to whether the policy is participating or nonparticipating; and
		(c) An indication of any war risk exclusion in the policy.
		(8) For any policy that has cash value, the policy shall clearly and prominently disclose that, if the owner surrenders the policy, such surrender may result in a substantial penalty because the cash value of the policy may be less than the premium paid.

B. SPECIFICATIONS PAGE

YES NA

		(1) The specifications page shall include the benefits, amounts, durations, premium information (including any policy fees), and any other benefit data applicable to the insured. The endowment date and amount shall be shown.
		(2) If the policy is a participating policy, the specifications page shall indicate that the dividends are not guaranteed. However, if the company will not credit dividends, the specifications page shall state that dividends are not expected to be paid.

C. FAIRNESS

YES NA

		(1) The policy shall not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, provisions that are against public policy as determined by the
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		Interstate Insurance Product Regulation Commission, or contain exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the policy.
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§3 POLICY PROVISIONS

A. AMENDMENTS

YES NA

		(1) The policy shall not provide for unilateral amendments that reduce or eliminate benefits or coverage, or impair or invalidate any right granted to the owner under the policy except for amendments to conform to changes in any applicable provisions or requirements of the Internal Revenue Code.
		(2) Amendments to approved forms are subject to prior approval.
		(3) Subject to the prohibition against unfair discrimination, any amendment may apply prospectively to new owners and, if applicable, to new contributions of existing owners. 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.

B. ARBITRATION

YES NA

		(1) Only arbitration provisions that permit voluntary post-dispute binding arbitration shall be allowed in policy forms. With respect to such a provision, the following guidelines apply:
		(a) Arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA"), before a panel of three neutral arbitrators who are knowledgeable in the field of life insurance and appointed from a panel list provided by the AAA.
		(b) Arbitration shall be held in the city or county where the policy owner or beneficiary lives.
		(c) The cost of arbitration shall be paid by the company, to include any deposits or administrative fee required to commence a dispute in arbitration, as well as any other fee including the arbitrator's fee.
		(d) Where there is any inconsistency between these guidelines and AAA rules, these guidelines control. 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.

C. 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.
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		(2) 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.
		(3) The policy may state that the company shall not be liable for the validity of the assignment. Drafting Note: Restrictions on assignment in policy forms such as right of first refusal or first offer provisions are prohibited by Item (1).

D. BENEFICIARY

YES NA

		(1) The policy shall contain a beneficiary provision. The provision shall describe the 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 purposes of satisfying applicable laws or regulations.
		(2) The policy shall state that changes in beneficiary, 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.
		(3) If irrevocable beneficiaries are referenced in the policy, the policy shall explain that such a beneficiary cannot be changed without the consent of the irrevocable beneficiary.

E. CONFORMITY WITH INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION STANDARDS

YES NA

		(1) The policy shall state that it was approved under the authority of the Interstate Insurance Product Regulation Commission and issued under the Commission standards. The policy shall also state that any provision of the policy that on the provision's effective date is in conflict with the applicable Interstate Insurance Product Regulation Commission standards for this product type in effect as of the provision's effective date of Commission policy approval is hereby amended to conform to the applicable Interstate Insurance Product Regulation Commission standards in effect as of the provision's effective date of Commission policy approval.
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F. DEATH BENEFITS/ENDOWMENT PROCEEDS

YES NA

		(1) The policy shall describe how the death benefit proceeds are determined and shall describe all death benefit options available under the policy.
		(2) The policy shall contain a provision for the payment of interest on the death benefit, as follows:
		(a) Interest shall accrue and be payable from the date of death.
		(b) Interest shall 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 Treasury Constant Maturity Rate as published by the Federal Reserve. In determining the effective annual rate or rates, the company shall use the rate in effect on the date of death.
		(c) Interest shall 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:
		(i) The date that due proof of death is received by the company;
		(ii) The date the company receives sufficient information to determine its liability, the extent of the liability, and the appropriate payee legally entitled to the proceeds; and
		(iii) The date that legal impediments to payment of proceeds that depend on the action of parties other than the company are resolved and sufficient evidence of the same is provided to the company. Legal impediments to payment include, but are not limited to (a) the establishment of guardianships and conservatorships; (b) the appointment and qualification of trustees, executors and administrators; and (c) the submission of information required to satisfy a state and federal reporting requirements.
		(3) The death benefit proceeds paid shall be at least equal to the death benefit of the policy and any riders that are payable, plus any dividend values in the policy at the time of death, less any indebtedness.
		(4) The policy may require that due proof of the death of the insured will consist of a certified copy of the death certificate of the insured, or other lawful evidence providing equivalent information, and proof of the claimant's interest in the proceeds.
		(5) The policy shall describe the payment of the endowment proceeds.

G. DEPENDENT AND FAMILY MEMBER COVERAGE

YES NA

		(1) The policy may provide coverage for dependents and family members. If the policy provides such coverage:
		(a) The policy shall comply with the applicable state law where the policy is delivered or issued for delivery, with respect to the coverage and benefits available to a person who is in a legally-sanctioned domestic partnership or civil union and to their families, or available to a person who is in a legally-sanctioned marriage with the insured and to their families; and
		(b) Nothing in this provision shall be construed as requiring any company to provide coverage or benefits to any person who is in a domestic partnership, civil union or marriage or to their families in a state where such relationships are not legally recognized.

H. ENTIRE CONTRACT

YES NA

		(1) The policy shall contain a provision regarding what constitutes the entire contract between the company and the owner. No document may be included by reference.
		(2) All statements made by the applicant for the issuance or reinstatement of a policy shall, in the absence of fraud, be deemed representations and not warranties.
		(3) If the application is to be a part of the policy, the entire contract provision shall state that the application is a part of the contract. 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.

I. EXCLUSIONS

YES NA

		(1) Any exclusion applied to the death benefit of the policy, except for accidental death benefits, shall be limited to the following:
		(a) War
		(i) If in the application the proposed insured represents that he or she a member of the United States military, military reserves, or the National Guard, whether active or inactive, risk of death as a result of war or any act related to military service shall not be excluded from the death benefit of the policy.
		(ii) Regarding non-combatant civilian exclusions, risk of death may be excluded under the following conditions:
		(A) As a result of war or an act of war while the insured is serving in any civilian non-combatant unit serving with such forces, provided such death occurs while serving in such units or within six months after termination of service in such units, whichever is earlier.
		(B) As a result of the special hazards incident to service in any civilian non-combatant unit serving with such forces, if the cause of death occurs while the insured is serving in such units and is outside the home area, provided such death occurs outside the home area or within six months after the insured's return to the home area while serving in such units or within six months after the termination of service in such units, whichever is earlier.
		(iii) Regarding civilian exclusions, risk of death may be excluded under the following conditions:
		(A) As a result of war or an act of war, within two years from the date of issue of the policy, while the insured is not serving in such forces or units, if the cause of death occurs while the insured is outside the home area, provided such death occurs outside the home area or within six months after the insured's return to the home area.
		(iv) "Home area" is defined to include at least the 50 states of the United States and its territories, the District of Columbia and Canada. "War" includes, but is not limited to, declared war, and armed aggression by one or more countries resisted on orders of any other country, combination of countries or international organization. "Act of war"

		means any act peculiar to military, naval or air operations in time of war.
		(b) Avocation, Aviation, Occupation, Foreign Travel and Foreign Residency: The policy may exclude from coverage death due to a specific avocation, aviation, occupation, foreign travel or foreign residency. The exclusion may be included in the policy, or may be added by rider, endorsement or amendment attached to the policy on or after the policy's date of issue. The exclusion shall be based on information disclosed by the proposed insured in the application for the policy, or identified for the proposed insured during the underwriting process of such application. The standards applicable to such exclusions are included in the Standards for Forms Used to Exclude Policy Coverage Based on the Underwriting Process, and are subject to the applicable law in the state where the policy is delivered or issued for delivery.
		(2) Any amount payable as a result of death from an excluded act shall be at least equal to the greater of the gross premiums paid for the policy or the cash value, each adjusted for dividend values, loans, partial withdrawals and surrenders.
		(3) The policy may not exclude from coverage death due to any specific medical condition.

J. INCONTESTABILITY

YES NA

		(1) The policy shall contain an incontestability provision and include the conditions of the provision.
		(2) The contestable period shall be no greater than two years from the date of issue during the lifetime of the insured.
		(3) The contract may allow a separate contestable period no greater than two years after the date of any change requiring underwriting. The contest shall be limited to the change and the statements provided for the change.
		(4) Coverage may only be contested based on a statement contained in an application made a part of the contract. If the company expects to rely on an application to contest the policy, the company shall attach to or endorse the application as part of the policy. The statement on which the contest is based shall be material to the risk accepted or the hazard assumed by the company.
		(5) At the option of the company, the policy may contain an exception to the incontestability provision related to benefits in the event of total and permanent disability and the provision related to accidental death benefit coverage.
		(6) The policy may contain an exception to the incontestability provision for fraud in the procurement of the policy when permitted by applicable law in the state where the policy is delivered or issued for delivery.
		(7) A preliminary term coverage to precede another plan of insurance may contain incontestability provisions and the successor plan shall compute the time period from the date of issue of the preliminary term coverage.
		(8) Policy forms shall not contain an incontestability provision that excludes the riders that may be attached to the form unless those riders contain their own incontestability provisions.

K. LEGAL ACTION**YES NA**

		(1) A policy may include a legal action provision. If included, the provision shall state that a legal cause of action related to the policy shall comply with the laws of the state where the policy was delivered or issued for delivery.
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L. LOANS**YES NA**

		(1) A policy that develops cash value shall provide for a loan provision.
		(2) The policy shall contain the conditions of a loan including:
		(a) A statement shall be included that the policy shall be the sole security of the loan.
		(b) The loan value shall be equal to the cash value at the end of the current policy year, plus the cash value of any dividend additions. The loan value or loan proceeds may be adjusted by deducting any or all of the following:
		(i) the amount of any existing indebtedness including any due and accrued interest;
		(ii) any unpaid premiums to the end of the current policy year;
		(iii) interest in advance to the end of the current policy year.
		(c) The owner has the option to take less than the loan value, subject to a reasonable company minimum loan requirement.
		(d) The policy shall describe the loan interest rate. The loan interest rate, including any added administrative fees associated with the loan, shall be at a maximum fixed annual rate of 8% in arrears or a variable rate determined in accordance with the NAIC Model Policy Loan Interest Rate Bill, model #590. The company may not charge any additional fees or expenses for the loan.
		(e) The policy may provide that if interest on any indebtedness is not paid when due it shall be added to the existing indebtedness and shall bear interest at a rate no greater than the loan rate.
		(f) The policy shall permit repayment of the loan and describe any conditions related thereto.
		(g) The policy shall describe the effect of outstanding loans on the death benefit, cash value and maturity value.
		(h) The policy may provide that if and when the total indebtedness including interest due and accrued equals or exceeds the cash value of the policy plus the cash value of any dividend additions then the policy shall terminate, but not until at least 30 days' advance notice of termination shall have been mailed to the owner and any assignee of record. Upon termination any dividend accumulations shall be paid to the owner.
		(3) The policy shall contain a statement that the company reserves the right to defer the payment of any loan for six months after application for the loan is received by the company except for any loan made to pay premiums due to the company.

M. MISSTATEMENT OF AGE OR SEX

YES NA

		(1) The policy shall contain a misstatement of age provision or, if the policy is written on a sex distinct basis, a misstatement of age or sex provision, providing that the amount payable or death benefit shall be such as the premium paid would have purchased at the correct age or the correct age and sex.
		(2) If dependent or family member coverage is part of the policy, the provision may refer to an adjustment of the duration of the benefits.
		(3) The company may not terminate coverage and refund premium if the correct age is outside the issue age ranges of the form. A premium and benefit shall be extrapolated.

N. MISSTATEMENT OF SMOKING STATUS

YES NA

		(1) In lieu of the right to contest the policy based on a misstatement of smoking status, the policy may provide during the first two policy years for an adjustment due to a misstatement of smoking status, providing that the amount payable on death or endowment shall be the amount that the premium would have purchased using the correct smoking status.
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O. NONFORFEITURE VALUES—POLICY PROVISIONS

YES NA

		(1) The policy shall contain provisions at least as favorable to the surrendering owner as the following:
		(a) A statement of the mortality table and interest rate used in calculating the cash values and the paid-up nonforfeiture benefits available under the policy, together with a table showing the cash value, if any, and paid-up nonforfeiture benefits available under the policy on each policy anniversary either during the first 20 years or during the term of the policy, whichever is shorter, such values and benefits to be calculated upon the assumption that there are no dividends or paid-up additions credited to the policy and that there is no indebtedness to the company on the policy. The statement of the mortality table shall be complete (e.g. whether sex distinct or unisex, smoker or nonsmoker, or age nearest birthday or age last birthday).
		(b) A statement that any cash values and paid-up nonforfeiture benefits available under the policy are not less than the minimum values and benefits required by or pursuant to the NAIC Standard Nonforfeiture Law for Life Insurance, model #808.
		(c) A detailed statement of the method of computation of the values and benefits or a statement that such method of computation has been filed with the Interstate Insurance Product Regulation Commission.
		(d) An explanation of the manner in which the cash values and the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the company on the policy.
		(e) A statement of the method to be used in calculating the cash value and paid-up nonforfeiture benefit available under the policy on any policy anniversary beyond the last anniversary for which such values and benefits are

		consecutively shown in the policy.
		(f) A statement that the company reserves the right to defer the payment of any cash surrender value for six months after demand with surrender of the policy.
		(2) A provision that the owner may surrender the policy for the cash surrender value at any time. The cash surrender value on the date of surrender shall equal the cash surrender value on the policy anniversary preceding the date of surrender adjusted for any additions to or subtractions from the cash surrender value since the preceding policy anniversary.
		(3) A provision that any cash surrender value and any paid up nonforfeiture benefit, available under the policy at any time other than on a policy anniversary, shall be calculated with allowance for lapse of time from the last preceding policy anniversary.

P. 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 restriction on change of owner other than for purposes of satisfying applicable laws or regulations.
		(2) 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.
		(3) The policy shall describe how contingent owner and joint owner provision operate, if being made available. Drafting Note: Restrictions on change of owner in policy forms such as right of first refusal or first offer provisions are prohibited by Item (1).

Q. PARTICIPATING POLICY

A policy may be non-participating; however, if the policy is participating in the divisible surplus of the company, then the following shall apply:

YES NA

		(1) The conditions of the participation shall be included in the policy.
		(2) The policy shall provide that the company shall annually ascertain and apportion any divisible surplus, beginning not later than the third year.
		(3) The policy shall provide that the owner may receive any dividend payment in cash. Other dividend options may be provided in the policy.
		(4) The policy shall provide for an automatic dividend option if more than one dividend option is provided. If the policy provides for more than one dividend option, the policy shall identify the automatic option.
		(5) Any additional supplemental benefits attached to a participating policy, whether or not considered in determining surplus earnings, may not be specially labeled or described as non-participating.
		(6) Whenever one-year term insurance is purchased by dividends in connection with a policy, the policy shall provide for the return of the unearned charge in the event of

		termination of the policy (other than by death) prior to the expiration of such one year term insurance.
		(7) The policy shall state that any dividend accumulations and the cash value of any paid up dividend additions shall be paid to the owner upon termination of the policy.

R. PAYMENT OF PREMIUM

YES NA

		(1) The policy shall provide for payment of the single premium in advance of the policy becoming effective.
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S. RIGHT TO EXAMINE POLICY

YES NA

		(1) The Right to Examine Policy provision appearing on the cover page or that is visible without opening the policy shall include the following:
		(a) (i) If the policy is not a replacement policy, a period of ten days beginning on the date the policy is received by the owner, and at the discretion of the company a longer period may be filed; or
		(ii) If the policy is a replacement policy, a minimum of thirty days beginning on the date the policy is received by the owner, or any longer period as may be required by applicable law in the state where the policy is delivered or issued for delivery;
		(b) A requirement for the return of the policy to the company or an agent of the company. Policy is considered void from the beginning and the parties shall be in the same position as if no policy had been issued; and
		(c) A refund of the premium paid, including any fees or charges, if the policy is returned.

T. SETTLEMENT OPTIONS

YES NA

		(1) The policy shall contain a description of type(s) and form(s) of settlement option provided in the policy. The guaranteed interest rate and mortality table, if applicable, being utilized for a designated settlement option shall be identified in the policy. In lieu of the interest rate and mortality table disclosure, complete tables of guaranteed settlement option amounts may be included in the policy.
		(2) The policy shall contain a provision stating that any annuity benefits at the time of their commencement will not be less than those that would be provided by the application of the proceeds to purchase a single consideration immediate annuity contract at purchase rates offered by the company at the time to the same class of annuitants whether the annuity benefits are payable in fixed or variable amounts or both, if the company offers a single consideration annuity contract at the time to the same class of annuitants.

U. SUICIDE

YES NA

		(1) The policy may provide for a suicide exclusion, which may include the phrase “sane or insane.”
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		(2) The suicide exclusion shall include the conditions of the provision.
		(3) The suicide exclusion period shall not exceed two years from the date of issue of the policy or any shorter period as may be required by applicable law in the state where the policy is delivered or issued for delivery.
		(4) At a minimum, a refund of the premium paid, less dividends paid and any indebtedness, shall be paid by the company in the event of death by suicide during the suicide exclusion period.

§4 ADDITIONAL STANDARDS FOR FRATERNAL BENEFIT SOCIETIES

A. MEMBERSHIP

YES NA

		(1) The certificate may 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.
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B. MAINTENANCE OF SOLVENCY

YES NA

		(1) The certificate may include a provision setting forth the legal rights and obligations in the case of a fraternal’s financial impairment.
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§5 SPECIALIZED PRODUCTS/MARKETING

A. POLICY PROVIDING FOR PAYMENT OF PROCEEDS IN INSTALLMENTS

YES NA

		(1) Death benefit shall always be available in a lump sum and installments are optional. If policy proceeds are paid in installments that are determinable prior to the policy maturity, the policy shall contain a table showing the amount of the guaranteed installments.
		(2) A policy that provides installments may provide the owner with the right to commute the installments. If commutation is permitted, the commutation basis shall be in the policy.

§6 JOINT FIRST TO DIE STANDARDS

Scope: These standards apply to joint first to die coverage where two insureds are insured and the death benefit is payable upon the first death.

As used in these standards the following definitions apply:

“Joint equal issue age” or “equivalent equal age” is the age used for the determination of policy benefits and values and is determined using the individual issue ages of the insureds covered under the policy.

A. ACTUARIAL MEMORANDUM REQUIREMENT

The Paragraph B. (1) (a) and (d) requirements under §1 Additional Submission Requirements are replaced with the items below.

YES NA

		(1) Include an actuarial memorandum prepared, dated and signed by the member of the American Academy of Actuaries who provides the following information for all available guarantee periods concerning the determination of the nonforfeiture values (including both cash surrender values and paid-up nonforfeiture values):
		(a) (i) A demonstration that the values of the policy comply with the standards of the NAIC Standard Nonforfeiture Law for Life Insurance, model #808. The smoker/nonsmoker mortality tables in the NAIC Model Rule (Regulation) Permitting Smoker/Nonsmoker Mortality Tables For Use In Determining Minimum Reserve Liabilities And Nonforfeiture Benefits, or the mortality rates which are a blend of the male and female rates in the NAIC Procedure For Permitting Same Minimum Nonforfeiture Standards For Men and Women Insured Under 1980 CSO And 1980 CET Mortality Tables, or any other mortality tables approved for use by the NAIC in determining minimum nonforfeiture values, may be used in determining minimum nonforfeiture values. The company shall use the composite mortality table for issue ages at which there is no distinction between smoker and nonsmoker mortality rates and continue to use the table for all future attained ages; and
		(ii) The actuarial memorandum shall include a description of the methodology to be used for determining the ages to be used for determining the mortality rates (for example, exact ages and rate classes, equivalent equal age, table of uniform seniority, or joint equal issue ages). The methodology should be described in a generally accepted publication of the actuarial profession, and information adequate to support its general acceptance and validity shall be included with the filing.
		(d) Sample calculations for representative issue ages including:
		(i) Two insureds, each age 35 (any rate classes may be used), or other representative issue age if the policy is not available at age 35;
		(ii) One insured of the maximum issue age available under the policy and one insured of the same rate class but of a lesser issue age with that lesser issue age determined using the maximum age differential permitted by the company between insureds; and
		(iii) One insured of the minimum issue age available under the policy and one insured of the same rate class but of an older issue age with that older issue age determined using the maximum age differential permitted by the company between insureds;

B. COVER PAGE

The Paragraph (9) under this section is added.

YES NA

		(9) The caption shall also include a reference to Joint First to Die coverage and indicate that the insurance is payable on the death of the first insured to die.
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C. SPECIFICATIONS PAGE

The Paragraph B. (1) under §2 General Form Requirements is replaced with the paragraph below.

YES NA

		(1) The specifications page shall include the benefits, amounts, durations, premium information, and any other benefit data applicable to the insureds. The specifications page shall list the actual ages of all insureds along with, if applicable, the joint equal issue age or equivalent equal age.
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D. DEATH BENEFIT PROCEEDS

The Paragraph G. (4) under §3 Policy Provisions is replaced with the paragraph below and Paragraph (5) is new.

YES NA

		(4) The policy may require that due proof of the death of the first insured to die will consist of a certified copy of the death certificate of the insured, or other lawful evidence providing equivalent information, and proof of the claimant’s interest in the proceeds.
		(5) The policy shall state that the death benefit is payable upon the death of the first insured to die.

E. DEATH BENEFIT/ENDOWMENT PROCEEDS

The Paragraph F. (4) under §3 Policy Provisions is replaced with the paragraph below and Paragraph (5) is new.

YES NA

		(4) The policy may require that due proof of the death of the first insured to die will consist of a certified copy of the death certificate of the insured, or other lawful evidence providing equivalent information, and proof of the claimant’s interest in the proceeds.
		(5) The policy shall state that the death benefit is payable upon the death of the first insured to die.

F. INCONTESTABILITY.

The Paragraph J. (2) under §3 Policy Provisions is replaced with the paragraph below.

YES NA

		(2) The contestable period shall be no greater than two years from the date of issue during the lifetime of the first insured to die.
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G. MISSTATEMENT OF SMOKING STATUS

The Paragraph N. (1) under §3 Policy Provisions is replaced with the paragraph below.

YES NA

		(1) In lieu of the right to contest the policy based on a misstatement of smoking status, the policy may provide during the first two policy years for an adjustment due to a misstatement of smoking status of an insured. The amount payable upon death (Note: “or endowment” if endowment standard) shall be the amount that the premium would have purchased using the correct smoking status.
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Date: 12/15/2022

Individual Single Premium Endowment Insurance Policy Standard Checklist

The Reviewer Checklist is intended for the sole purpose of assisting a company product filer ("User") in understanding the requirements of the applicable Uniform Standard(s) for IIPRC product filings. Users are hereby notified not to rely solely upon the Reviewer Checklist in preparing a product filing or in complying with the IIPRC Uniform Standards, Rules and Operating Procedures. The User also acknowledges there is a possibility of human, mechanical or technical error in the development, presentation or use of the Reviewer Checklist. The Interstate Insurance Product Regulation Commission (Commission) accepts no liability for any loss, cost or damage caused by use of this tool, including without limitation, direct or indirect, incidental, special, consequential or exemplary or punitive damages arising out of the use or inability to use the Reviewer Checklist. There are no warranties either express or implied and User specifically acknowledges the Commission does not warrant the truth, accuracy or completeness of the Reviewer Checklist.