

Department of Consumer & Business Services
Oregon Division of Financial Regulation – 5

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**STANDARDS FOR PRIOR APPROVAL
ACCELERATED DEATH BENEFITS
ORS 742.003(1)**

This checklist (product standards) has been provided as an aid to assist you in preparing your filing. It does not need to be included with a paper submission, nor does it need to be attached in SERFF under the Supporting Documentation tab. However, the reviewer may request the completed checklist (product standards) at any time during their review. ORS 731.296, OAR 836-010-0011 (2) & (3).

This checklist includes relevant statutes, rules, bulletins, and other documented positions to enforce ORS 731.016. **The standards are summaries. Review of the entire statute or rule will be necessary.** After diligent consideration has been given to each item, mark either the “Yes” or the “N/A” box. Compliance with these provisions must be certified by both the filer and an officer of the company signing the Certificate of Compliance form. These signatures certify the forms being submitted meet the requirements of our checklist and statutes. “Not applicable” can be used only if the item does not apply to the coverage being filed. If the reviewer requests the checklist (product standard), any line left blank may result in the delay or disapproval of the filing.

This checklist has four sections:

- I. Filing Requirements
- II. Actuarial Data and Other Certifications
- III. General Form Requirements
- IV. Form-Content Requirements

Do not file this form for acceleration for long-term care. If filing to accelerate a life policy to fund long term-care benefits, file the ‘Standards for Long-Term Care.’

Other forms that may apply:

Standards for each policy included in this filing

Type of policies used for acceleration:

- Universal life ⁽¹¹³⁾ Whole life ⁽¹¹¹⁾ Term life ⁽¹¹²⁾ Variable life ⁽¹³⁷⁾

Form number of policy to which this form will be attached: _____
(Group; individual)

Type of filing (check one):

- New rider or provision
 Amending previously approved form. (Complete form is enclosed with a current revision date and changes are highlighted. OAR 836-010-0011(3))

Instructions: By each statement, on the line provided, identify the page and paragraph in your form that satisfies the requirement or check the boxes when provided, to verify compliance. Any "No" answers must be explained in the cover letter. If a statement does not apply to this filing, mark "N/A" for not applicable. Any "No" or "N/A" responses on items that are applicable may result in disapproval of the filing.

References: ORS 743.154 and OAR 836-051-0300 to 836-051-0380

Filing Requirements

Yes No N/A

1. **Submission requirements.** See requirements on SERFF or on our website: <http://dfr.oregon.gov/rates-forms/life/Pages/life.aspx>. These requirements must be submitted for your filing to be accepted as complete. In the cover letter or memo, include an explanation of issuing parameters and any features specific to a special market.

Yes No N/A

2. **Disclosure.** The policyholder, certificate holder, and any irrevocable beneficiary are given a disclosure summary at time of issue that includes the following. OAR 836-051-0330(2)

Yes No

- (a) An illustration of how an acceleration will affect the policy when an acceleration is requested. OAR 836-051-0330(3)(a)
- (b) A statement that receipt of benefits may adversely affect the recipient's eligibility for Medicaid or other government benefits or entitlements, that benefits may be taxable, and that assistance should be sought from a personal tax advisor. OAR 836-051-330(3)(c)(d)

Yes No N/A

3. **Advertisement.** ORS 742.009 and 743.154(4). Advertisements for this form do not include features that are not filed and approved in the policy. Accelerated death benefits are not advertised as long-term-care benefits. (See advertisement requirements for life policies on our website, including instructions for self-certification.)

II. Actuarial Data and Other Certifications. *Information requested under this section is necessary to evaluate the filing for compliance. ORS 731.296 The information shared is accurate. ORS 731.260*

Yes No N/A

1. **Congruence.** ORS 731.260. The actuarial memorandum and demonstration are consistent with the policy and riders, and demonstrations illustrate the John Doe form. Only the conditions stated in the policy or rider are required to qualify for payment of accelerated benefits. OAR 836-051-0360

Yes No N/A

2. **Language simplification.** ORS 743.104(2) and 743.106. The readability requirements do not apply to non-English policies when the insurer certifies that it is a direct translation of an approved policy that meets the requirement. If the English version has not been previously approved, an English version is included with a translation certification.

Yes No N/A

3. **Fairness.** ORS 742.005(2). The policy does not contain inconsistent, unintelligible, uncertain, ambiguous, abstruse, or misleading clauses or exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the policy.

Actuarial filing requirements: OAR 836-051-0380

Yes No N/A

4. The actuarial memorandum describes the accelerated benefit, the risks, the expected costs, the development of premiums, the bases used to calculate benefits payable and the calculation of statutory reserves. OAR 836-051-0380(1)

Yes No N/A

5. Reserves are determined in accordance with the Standard Valuation Law by following both actuarial standards and certification for sufficient reserves. OAR 835-051-0380(2)

Yes No N/A

6. Reserves in the aggregate are sufficient to cover the following:
 Policies upon which no claim has yet arisen. OAR 836-051-0380(2)(a)
 Policies upon which an accelerated claim has arisen. OAR 836-051-0380(2)(b)

Yes No N/A

7. Policy liens and policy loans, including accrued interest, represent assets of the insurer for statutory reporting purposes. For any policy on which the policy lien exceeds the policy's statutory reserve liability, the excess is held as a non-admitted asset. OAR 836-051-0380(3)

Yes No N/A

8. The following method is used to calculate benefit and cost. The benefit and cost are clearly described and any assumptions used. OAR 836-051-0330(1)(a) & (b)

Check the method used and includes a sample calculation:

- (a) Premium and/or cost of insurance designated for the accelerated benefit - charge is based on sound actuarial principles. Include assumptions used.
 (b) Discount of benefit when option is exercised - the calculation is based on applicable actuarial discount appropriate to the policy design and sound actuarial principles. Explain the assumptions used.
 (c) Lien against proceeds when option is exercised - the calculation is based on applicable actuarial discount appropriate to the policy design and sound actuarial principles. Explain the assumptions used.

Yes No N/A

9. The interest used to calculate the benefit does not exceed the greater of the policy loan rate (fixed or adjustable, eight percent if term coverage) and the 90-day Treasury bill rate. The policy loan rate is the maximum rate used on cash-value amounts accelerated under the discounted benefit method and the loan method. OAR 836-051-0370(A),(B), (C)

Yes No N/A

10. The terminal period is __ months (not to exceed 24) and is used to calculate the benefits. ORS 743.154(2)(a)

Yes No N/A

11. Rates. Any subsequent amendments or corrections to the filed costs must be filed. Filed rates include fees for this benefit that are reasonable to the expense incurred. ORS 743.018

Yes No N/A

12. Nursing home benefits are calculated on no more than a 24-month life expectancy based on continued confinement and benefits are available in a lump sum. ORS 743.154(1)(c) & (2)(a).

Yes No N/A

13. For policies with cash value using the discounting benefit method, the form includes a description for prorating premiums and cash value due after the acceleration. OAR 836-051-0370(6)

Yes No N/A

- 14. If the benefit includes an administrative cost to exercise the benefit, the cost reflects the actual expenses. The administrative cost must be actuarially justified. OAR 836-051-0330(1)(A). Prior to payment of an accelerated benefit, an insurer shall obtain a signed acknowledgement of concurrence for the payout from any assignee or irrevocable beneficiary. OAR 836-051-0310(2)

Yes No N/A

- 15. Limitations and exclusions match what is approved for the policy as this is considered part of the policy or rider. Exclusions for life policies are limited to suicide and fraudulent statements within the first two policy years.

III. General Form Requirements

Cover page

Yes No N/A

- 1. The rider or provision is clearly titled "Accelerated Death Benefit" or "Accelerated Benefit." OAR 836-051-0330(1).
- 2. The full corporate name of the company shall appear on the benefit form if it is a rider attached to the policy.
- 3. A form identification number appears at the lower left-hand corner of the policy. The form number is adequate to distinguish the form from all others used by the insurer.
- 4. **Variability.** ORS 742.003. Only the insured's individual information is bracketed as variable. All other changes are filed for approval.
- 5. **Clarity.** ORS 742.005(2). The forms are clear and understandable in the presentation of premiums, labels, description of contents, title, headings, backing or other indication of provisions. The information is clear and understandable to the consumer and is not unintelligible, uncertain, ambiguous or abstruse, or likely to mislead.

IV. Form-Content Requirements. *(If submitting your filings electronically, bookmark the provisions in the forms that are identified by the page or provision in this section.)*

(Page/paragraph)

- _____ 1. The form clearly defines and identifies the method used to calculate benefit, cost and any administrative charge. OAR 836-051-0330(1)(a) & (b)
Check method used:
 - Premium and/or cost of insurance designated for the accelerated benefit
 - Discount of benefit when option is exercised
 - Lien against proceeds when option is exercised
- _____ 2. The interest used to calculate the benefit, if any, is disclosed and does not exceed the greater of the policy loan rate (fixed or adjustable, 8 percent if term coverage) and the 90-day Treasury bill rate. OAR 836-051-0370(3)(c)(A)(B); ORS 743.187
- _____ 3. _____ is the maximum face amount death benefit percentage that can be accelerated and is stated on the schedule page. The percentage must be based on the face amount of death benefit.

- _____ 4. ____ is the number of months to qualify as a terminal period and is stated on the schedule page. ORS 743.154(2)(a)
- _____ 5. (or N/A) Nursing home benefits are calculated on no more than a 24-month life expectancy based on continued confinement, and benefits are available in a lump sum. ORS 743.154(c)
- _____ 6. The coverage allows for the owner to request payment at any time during the period that the qualifying event continues without age limitations. ORS 743.154(3)(b)
- _____ 7. For policies with cash value using the discounting benefit method, the form includes a description for prorating premiums and cash value due after the acceleration. OAR 836-051-0370(6)
- _____ 8. The benefit does not provide for an eligibility waiting period, measured from the issue date, in excess of 30 days for illness, 180 days for confinement, and zero days for accident. OAR 836-051-0340
- _____ 9. The benefit does not require that a claim be filed within a specified period after the diagnosis. ORS 743.154(3)(b)
- _____ 10. Payment options do not include an annuity contingent upon the life of the insured. OAR 836-051-0320(1)
- _____ 11. The form does not impose any restriction on the use of the proceeds. OAR 836-051-0320(2)
- _____ 12. Any benefits in force, including accidental death and any death benefit remaining after payment of an accelerated benefit, is not affected by the acceleration if premiums continue to be paid for those benefits. OAR 836-051-0320(3)
- _____ 13. ORS 742.005 All medical opinions after the first required by the company are paid for by the company. In the case of a difference of opinion the determination will rest with a third, mutually acceptable physician. ORS 742.005(3)(4)
- _____ 14. After a partial acceleration, the provision guarantees that the remaining death benefit will be continued. ORS 743.154(3)(a)
- _____ 15. (or N/A if not term insurance) When acceleration is available on an individually paid term insurance policy or certificate, a waiver of premium is included after the accelerated death benefit option is exercised. The waiver may be limited to the terminal period if the insurer verifies the insured no longer meets the terminal requirements. OAR 836-051-0350(2)