

## Oregon Division of Financial Regulation - Life and Annuities filing tips

- **Accelerated Death Benefit Riders (ADBR):** These are Life and Annuity insurance riders, not Long Term Care. Do not confuse these with critical illness/specific illness riders, which are reviewed as Health insurance forms. Please use ADBR product standards checklist [#440-2453](#).
- **Advertisements:** In filing an ad for an approved product, enclose the perforated contract. If the original form document was approved in SERFF, provide the Oregon assigned filing number for that approval.
  - **NOTE:** Oregon has made available a self-certification process for certain advertisements. Information for this process can be found at <http://dfr.oregon.gov/rates-forms/Documents/3308.doc>
- **Detailed Individual Annuity Filing Helpful Hints** are available on the Insurance website at <http://dfr.oregon.gov/rates-forms/annuities/Pages/individual-fixed.aspx>

### • **Annuities:**

- If an annuity contract contains a deferral of cash or cash surrender, it must also state that the insurer must make written request to the appropriate insurance regulator. The written request by the insurer is not made as a part of the product approval process.
- **Guaranteed interest rate for annuities:** If you want to use a guaranteed minimum rate less than 3 percent, use the Constant Maturity Treasury (CMT) calculation. Details are found in the product standards. An amendment, endorsement, or rider cannot be used to change the minimum guaranteed interest rate to the CMT.

If the minimum guaranteed rate is less than the nonforfeiture rate, this must be disclosed as well as the impact. See our product standards.

At the maturity of an annuity contract the accumulation value, not the cash value, is available regardless of the form of distribution (lump sum or annuitization).

- **Annuity Surrender Charges:** The surrender charge scale for annuities is not in compliance when surrender charges are assessed at maturity. Since annuitization of funds is part of the contract settlement options, no surrender charge is allowed.
- **MVA:** A market value adjustment (MVA) may not be applied against a guaranteed period of less than one year.
- **Individual Annuities:** Individual annuities are required to contain certain language in order to qualify as an annuity under federal law. Language is often incomplete.
- **Suitability Statements:**

**Notice Requirement:** [OAR 836-080-0165](#) requires any individual annuity contract or subsequent offer for sale of additional coverage in connection with the annuity to include a statement that the Division of Financial Regulation offers help in the event of a dispute with the insurer.

- **Benefits:** Policy benefits must be meaningful in relation to the premium charged.
- **Use of Brackets [ ] within Policy Forms:** A Statement of Variability (SOV) must be part of any form filing that contains bracketed material. Assign a unique form number in the lower left-hand corner of the document. If filing via SERFF, place the SOV in the Form Schedule tab as a separate schedule item. At the top of the document identify the form number the SOV will be used with.

- **Guaranteed fees, expenses, charges, loads, etc., cannot be variable items and may not be bracketed in most situations.** See product standards checklists for what can and cannot be bracketed.
- **Statements of Variability:** A statement of variability must include the range or available options for any bracketed items; the conditions under which the variable item may be changed from contract to contract; and the relationship, if any, between the variable items. Note that zero (0) may not be used in the range for any benefit or credit.
- **Bracketed changes:** A change to the range or options within brackets must be submitted as a new filing for prior approval. This is not an "informational" filing.
- **Substitution of variable separate accounts or sub-accounts is to be filed for informational purposes.** It is acceptable to bracket the sub-accounts and change them, however, you do need to file them for informational purposes. Do not bracket fixed accounts.
- **The interest rate and mortality table that form the basis for the settlement option table/rates are not variable and may not be bracketed.**
- **Business Day:** This term must be objectively defined so that the insurance company cannot arbitrarily close.
- **Changes to Business Operations:** File under L08.Life - Other. Do not use this TOI/Sub-TOI for any other type of Life or Annuity filing, they will be disapproved.
- **Consent Forms and Disclosures:** Any change requiring insured approval or consent must include all elements that constitute that approval or consent.
- **Cover Letters:** For SERFF filings, cover letters are to be placed under Supporting Documentation only. List the form documents being filed for approval, or advise if you have provided this information in the Filing Description field of the General Information tab.
- **Domestic Partners:** Oregon law only recognizes registered domestic partners as having legal rights. See our January 2008 e-notify on domestic partners and annuities.
- **Endorsements:** Endorsements, riders, or amendments may be used to provide additional benefits to the insured. If the company is attempting to limit, restrict, exclude, or otherwise reduce benefits, this cannot be done for an in-force policy.

The analyst may require a company to file an entirely new version of the base policy if there are significant changes made by the endorsement or amendment.

- **Violations of entire contract by reference:** A reference cannot be made in the base contract to terms not included elsewhere or by endorsement or rider. For example, the prospectus is not part of the contract and the contract should not reference information contained in the prospectus.
- **Life and Annuity Form Numbering:** Form numbers are to appear in the lower left-hand corner of the form/document. The same form number should be used on each page of that form. Declaration or schedule pages could contain a different form number that would appear in the lower left-hand corner of that document. When submitting a change to a previously approved form, a new form number must be assigned or a revision date added to the form number previously approved.
  - For SERFF submissions - If a form number on an insert page or schedule page (or set of such pages) is different than the form number on the cover page of the policy, then the page (or set of pages) will need to be attached as a separate form in the Form Schedule tab.
  - If a Statement of Variability (SOV) is used, it must have its own unique form number in the lower left-hand corner of the form. For SERFF submissions, the SOV must be attached under the Form Schedule tab as a separate schedule item.

- For paper submissions - If a form number on an insert page or schedule page (or set of such pages) is different than the form number on the cover page of the policy, then the page (or set of pages) must be listed on the NAIC Transmittal document Form Schedule and the cover letter, if a list of forms was provided within the cover letter.
- For both SERFF and paper filing submissions, it is the company's choice whether to use a form number for a set of schedule pages or other insert pages (e.g., unisex version), or to use a unique form number for each insert page. If the company chooses to file insert pages as a set, then only one form attachment is needed. However, if the company chooses to file each insert page, then each page needs to be attached as a separate form and each page needs to have a unique form number.

When filing a set of schedule pages or a set of other insert pages, the company needs to identify each page within the set by putting the page number in the middle of each page or on the right-hand side of each page. Include a description of the benefit being provided for each specifications page, schedule page, or data page. For example: Contract Data page 4 percent rollover benefit.

- **Free Look:** The number of days in the free look for replacements cannot be variable. If the company uses a lesser number of days in a nonreplacement situation than for a replacement, one of the following must apply:
  1. Submit two separate cover pages, each with its own unique form number
  2. Make the contract language address both situations

Please see [OAR 836-051-0915](#) for free look information.

### **Maximum 10-year look-back on medical information for AIDS/HIV.**

**A copy of the perforated approved base policy is required if submitting an amendment, endorsement, or rider.** If submitting a paper filing, send a copy of the approved base policy with the approval perforations showing. If submitting a filing via SERFF, and the approved base policy was filed as a paper filing, photo copy the perforated contract and scan it into SERFF, making sure the approval perforations are visible. For SERFF filings, place this document as a separate schedule item under Supporting Documentation. If the original form was approved in SERFF, provide the Oregon assigned filing number for that approval.

### **Premium Tax Options:**

1. State "0% in Oregon" on the schedule page.
2. Remove all references to premium tax from the contract.
3. See Division of Financial Regulation [Bulletin 99-5](#) and the product standards checklists.

**Product Standards Checklists:** When filing different documents, different product standards are necessary (e.g., ADBR gets ADBR standards, Term needs Term standards, Applications use the Application standards, etc.).

**Proof of Death:** Add an alternative proof of death (e.g., finding of a court of competent jurisdiction, APS) for situations where standard proof (i.e., death certificate) is not available.

**Rates and Fees:** The insurance company is required to file all rates used in this state, including those that are less than the approved guaranteed rates.

**Filing Revisions:** A "redlined" version showing where changes have been made must be included when revising any previously approved forms. This should be placed in the supporting documentation area and not the form schedule tab.

**Situs:** Any values in the contract must be equal to those required by the laws of the state of **delivery** rather than the state of issue.

**Small Face Amount Individual Life Insurance (less than \$20,000):** Include documentation with your filing for this product that illustrates how your company complies with these disclosure requirements:

When, over the term of the policy, the cumulative policy premiums paid may exceed the face amount of policy, clearly and prominently disclose to the consumer the length of time until the cumulative policy premiums paid may exceed the face amount of the policy. This disclosure must be made on or before policy delivery.

If the insurer must make the above disclosure, then the insurer must also disclose, on or before policy delivery, all available premium payment plans and product alternatives. If no alternatives exist, provide clear and prominent disclosure to the consumer that there are no such alternatives.

**SPECIAL EXCLUSIONS:** Alcohol exclusions should be stated as legally intoxicated. Over-the-counter drugs and prescription drugs taken as prescribed are acceptable. You may exclude illegal drugs or prescription drugs taken in an unprescribed manner. Riot must be stated as voluntary participation in a riot. Participation in hazardous sports must be more specifically identified.

**Terms such as "may" or "generally we" are not guaranteed items and cannot be used in the policy.**

**Use of 2001 CSO Tables:** The 2001 CSO table must be used for valuation and nonforfeiture purposes pursuant to [OAR 36-051-0106](#). For small face-amount policies, the company may use either the 1980 or 2001 CSO tables. Please refer to the [Oregon Division of Financial Regulation website](#) for instructions on how to correctly adopt the 2001 CSO Tables.

**Violations of [ORS 743.053](#):** Requiring death or dismemberment to occur in less than 180 days from the date of the accident is not allowed.

**If you delay the death benefit payment, it must include the interest rate as "withdrawable loan interest rate."**