

---



---

**Rules of  
Department of Insurance  
Division 400—Life, Annuities and Health  
Chapter 1—Life Insurance and Annuity Standards**

<b>Title</b>	<b>Page</b>
20 CSR 400-1.010 Policy Approval Criteria for Life Insurance and Annuity Contracts .....	3
20 CSR 400-1.020 Variable Contracts Other Than Life .....	4
20 CSR 400-1.030 Variable Life Insurance .....	8
20 CSR 400-1.040 Policies Providing Graded Death Benefits .....	15
20 CSR 400-1.050 Suicide No Defense to Payment .....	16
20 CSR 400-1.060 Stipulated Premium Companies.....	16
20 CSR 400-1.070 Assessment Life and Accident Companies.....	17
20 CSR 400-1.080 War Risk and Aviation Exclusions.....	17
20 CSR 400-1.090 Policy Loan Interest Rate Provisions.....	17
20 CSR 400-1.100 Universal Life.....	18
20 CSR 400-1.110 Alternative Mortality Tables for Minimum Nonforfeiture Standards.....	22
20 CSR 400-1.120 Smoker/Nonsmoker Mortality Tables for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits .....	22
20 CSR 400-1.130 Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities .....	36
20 CSR 400-1.140 Policies and Contracts Subject to Section 376.678, RSMo—Notice Requirements.....	36
20 CSR 400-1.150 Modified Guaranty Annuity .....	37

**Title 20—DEPARTMENT OF  
INSURANCE**

**Division 400—Life, Annuities and Health  
Chapter 1—Life Insurance and Annuity  
Standards**

**20 CSR 400-1.010 Policy Approval Criteria  
for Life Insurance and Annuity Contracts**

*PURPOSE: This rule is intended to outline the requirements for all life insurance and annuity contracts which are to be sold in Missouri.*

(1) No life insurance or annuity contract, including applications, riders, endorsements, policies and certificates, shall be approved for use in this state unless it conforms to the following:

(A) Each life insurance or annuity contract, including applications, riders, endorsements, policies and certificates, shall be identified by a form number in the lower left-hand corner of the first page or face page;

(B) Each life insurance or annuity contract shall contain accurate information regarding all coverages and benefits for which premiums are being paid. This information shall individually identify each coverage and the respective premium required to maintain each coverage;

(C) No application for a life insurance or annuity contract or any coverage pertaining thereto, shall contain a statement such as, "No information acquired by any representative of the company or conveyed to any prospective insured by such representative shall be binding upon the company unless written herein." The company may specifically disclaim any agent's authority to waive a complete answer to any question in the application, pass on insurability, make or alter any contract or waive any of the company's other rights or requirements;

(D) Effective June 30, 1990, all individual life insurance or annuity contracts and all mass marketed or individually solicited group life insurance or annuity certificates for which the insured pays the entire premium must contain a provision which states, in substance, that the person to whom the coverage is issued shall have an unconditional right to return the coverage within at least ten (10) days of its delivery for a full refund of all premium paid. This rule shall not apply to—

1. Coverage issued under group contracts as defined in section 376.691, RSMo. Mass marketed life insurance for purposes of this rule means the insurance under any individual, franchise, group or blanket policy of life or health insurance which is offered by means of direct response solicitation through

a sponsoring organization or through the mails or other mass communications media and under which the person insured pays all or substantially all of the cost of his/her insurance;

2. Life insurance issued to college students and subject to 20 CSR 400-5.500;

3. Single premium short duration trip or travel-type coverage; or

4. Graded benefit life insurance coverage which is subject to 20 CSR 400-1.040;

(E) Each individual life insurance or annuity contract which develops cash or loan values and which provides the insured the right to borrow against this cash or loan values, either by virtue of the existence of a policy loan provision or an automatic premium loan provision, shall state in substance that the contract will lapse at the expiration of a grace period of at least thirty-one (31) days if there is an outstanding policy loan or the policy is being maintained by an automatic premium loan and the accrued cash value is insufficient to pay the necessary interest, or both, premium then due. The contract shall state in substance that the company will notify the owner at least thirty-one (31) days prior to discontinuing the contract in this manner;

(F) For the purposes of any waiver of premium benefit provided in conjunction with a life insurance or annuity contract, the contract shall state in substance that the owner shall be considered totally disabled if s/he is unable to perform the material and substantial duties of any occupation for which s/he is suited by means of education, training or experience. Any waiver of premium benefit which requires the insured to be totally disabled for a period of time exceeding thirty (30) days before benefits are payable, also shall provide in substance that all premiums paid by the insured from the date of disability will be waived retrospectively. However, no premium need be waived for a period of disability originating prior to twelve (12) months from the date of notice of disability if proof was not given as soon as reasonably possible. In no instance shall the insured be required to be disabled for a period exceeding one hundred eighty (180) days before s/he is entitled to benefits under a waiver of premium provision;

(G) For the purposes of any total disability benefit provided in conjunction with a life insurance or annuity contract, the insured shall be considered totally disabled if s/he is unable to perform the material and substantial duties of his/her regular occupation. After an initial benefit period of twelve (12) months, the insured shall be considered totally disabled if s/he is unable to perform the material and substantial duties of any occupa-

tion for which s/he is suited by means of education, training or experience; and

(H) Any accidental death or dismemberment benefit provided in or supplemental to a life insurance or annuity contract shall not include any language which requires that accidental bodily injury be effected solely through external, violent and accidental means. Any benefit for accidental death or dismemberment provided in or supplemental to, a life insurance or annuity contract shall not exclude payment of these benefits for any covered loss, as provided in the contract, due to suicide or any attempt at suicide while insane; unintentionally self-inflicted injuries; unintentional or nonvoluntary inhalation of gas or taking of poisons; pyogenic infections which result from an accidental bodily injury; bacterial infections which result from the accidental ingestion of contaminated substances; or the insured's being under the influence of drugs, if the drugs were taken as prescribed by a physician.

(2) In addition to the requirements of section (1), each life insurance policy shall contain in substance the following provision, if applicable to the form of policy being filed:

(A) The policy, including the endorsements and attached application, if any, constitutes the entire contract of insurance. No change in the policy shall be valid until approved by an executive officer of the insurer and unless the approval is attached to the policy. No agent has authority to change this policy or to waive any of its provisions;

(B) The policy, with the exception of any accidental death, waiver of premium or total disability benefits, shall be incontestable after it has been in force during the lifetime of the insured, for a period of two (2) years from the earlier of the policy date or the issue date, except in the event of nonpayment of premiums;

(C) A grace period of thirty-one (31) days without interest will be allowed for every premium after the first, during which the policy shall continue in force. If the insured dies during the grace period, any premiums then due may be deducted from the proceeds of the policy;

(D) If, at the time of application, the age or sex of the insured is misstated, the amount of coverage provided shall be such as the premium paid would have purchased at the correct age and sex according to the company's published rate at the date of issue of the policy;

(E) Unless changed as provided in the policy, the beneficiary shall be as designated in the policy; and

(F) The policy, unless surrendered for its cash value, may be reinstated at any time within five (5) years after date of default in payment of premium upon presentation of evidence of insurability satisfactory to the company, payment or reinstatement of any indebtedness at date of default, the payment of all premiums in arrears and the payments of interest in an amount not to exceed the applicable policy loan interest rate(s) during the period of lapse, assessed per annum and compounded annually, on the indebtedness and on each unpaid premium from its due date.

(3) If either of the following provisions is contained in a life insurance policy, it shall be no less favorable to the insured than as follows:

(A) The insurer, at its own expense, shall have the right and opportunity to have an autopsy performed on the deceased insured, unless otherwise precluded by law; and

(B) Any amount payable on the death of the insured will be paid only after receipt of proof of death on forms acceptable to the company.

(4) Individual life contracts issued on a term basis which are guaranteed renewable for successive term periods must contain a schedule of rates which are the guaranteed maximum renewal rates for continuing the term coverage at the time of guaranteed renewal. This requirement shall not apply to contracts which contain variable premium provisions.

(5) Individual life contracts issued as a family plan which develop cash values for each life insured and which provide that a portion of any policy indebtedness outstanding is to be subtracted from any death proceeds payable shall contain a provision no less favorable to the insured than the following: "The company will subtract from policy proceeds payable on the life of any insured a portion of any policy indebtedness outstanding. The amount subtracted will be determined by prorating the total indebtedness by the ratio which the deceased insured's cash value bears to the total cash value of all insureds."

(6) Each company, within sixty (60) days of the date of an application for a life insurance or annuity contract, shall notify a prospective insured as to whether or not the application has been accepted or else give the prospective insured the reason for any further delay.

*AUTHORITY: sections 374.045, 376.670, 376.671, 376.673 and 376.675, RSMo 1986. This rule was previously filed as 4 CSR 190-*

*13.230. Original rule filed May 13, 1983, effective Nov. 11, 1983. Amended: Filed Dec. 1, 1989, effective June 29, 1990.*

*\*Original authority: 374.045, RSMo 1967, 376.670, RSMo 1943, amended 1959, 1961, 1965, 1975, 1979, 1982; 376.671, RSMo 1979; 376.673, RSMo 1967; and 376.675, RSMo 1963, amended 1984.*

**20 CSR 400-1.020 Variable Contracts Other Than Life**

*PURPOSE. This rule establishes some requirements for variable contracts other than life including establishment of separate accounts, contents of presentation and agent qualification. This rule was adopted pursuant to the provisions of sections 374.045(4) and (5), 376.309, 376.590, 376.670 and 376.675, RSMo.*

*Editor's Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law. The form mentioned in this rule may be found at end of the chapter.*

(1) Definitions.

(A) The term variable contract, when used in this rule, shall mean any group or individual contract or policy issued by a life insurance company providing for the dollar amount of benefits or other contractual payments or values thereunder to vary so as to reflect the investment results of any designated separate account(s), as defined in section 376.309, RSMo in which amounts received in connection with any such contracts shall have been placed. This shall not include variable life contracts subject to 20 CSR 400-1.030.

(B) Agent, when used in this rule, shall mean any person who under the laws of this state is required to be and is licensed as a life insurance agent, agency or life insurance broker.

(C) Variable contract agent, when used in this rule, shall mean an agent who shall sell or offer to sell any variable contract.

(D) A satisfactory alternative examination for Part I of the written examination called for by paragraph (8)(G)1. shall include any securities examination which is declared by the director to be an equivalent examination on the basis of content and administration. The

following examinations are deemed to be a satisfactory alternative examination:

1. Any state securities sales examination accepted by the Securities and Exchange Commission;

2. The National Association of Securities Dealers, Inc., Examination for Principals or Examination for Qualification as a Registered Representative;

3. The various securities examinations required by the New York Stock Exchange, the American Stock Exchange, Pacific Stock Exchange or any other registered national exchange;

4. The Securities and Exchange Commission test given pursuant to Section 15(b)(8) of the Securities Exchange Act of 1934; and

5. The examination recommended for the testing of variable contract agents by the National Association of Insurance Commissioners (NAIC), when adopted by the insurance department of any state or territory of the United States and approved for use by the department by the Securities and Exchange Commission.

(2) Qualification of Insurance Companies to Issue Variable Contracts.

(A) No company shall deliver or issue for delivery variable contracts within this state unless—

1. It is licensed or organized to do a life insurance business in this state, and the director is satisfied that its condition or method of operation in connection with the issuance of these contracts will not render its operation hazardous to the public or its policyholders in this state. In this connection, the director will consider among other things—

A. The history and financial condition of the company;

B. The character, responsibility and fitness of the officers and directors of the company; and

C. The law and rules under which the company is authorized in the state of domicile to issue variable contracts.

(B) The company shall have an amount of capital and surplus, if a stock company or an amount of surplus, if a mutual company, of at least \$2,500,000 and shall maintain at least that amount; provided, that the director may make exceptions to this provision if in his/her opinion a company's capital structure and surplus otherwise afford adequate protection to contract holders.

(C) If the company is a subsidiary of an admitted life insurance company or affiliated with the company by common management

or ownership, it may be deemed by the director to have satisfied the provisions of subparagraphs (2)(A)1.A. and B. if either it or the admitted life company is acceptable thereunder.

(D) Before any company shall deliver, or issue for delivery, variable contracts within this state, it shall submit to the director—

1. An application for an amended certificate of authority to include variable contracts on the proper form furnished by this department;

2. A copy of a resolution adopted by its board of directors which authorizes the establishment of one (1) or more separate accounts;

3. With respect to a foreign life insurance company, a copy of the statutes and regulations of its state of domicile permitting the issuance of variable contracts and a certification of authorization from the director or commissioner of insurance of its state of domicile or equivalent evidence that the company is authorized to issue variable contracts in that state;

4. A general description of the kinds of variable contracts it intends to issue;

5. Duplicate John Doe specimen copies of the variable contract and certificate forms which it proposes to issue in this state;

6. Biographical data with respect to officers and directors of the company on the NAIC uniform biographical data forms;

7. Any prospectus or registration statement covering the offering of these variable contracts;

8. A certified copy of the last separate account blank filed in its domiciliary state; and

9. Any other information the director might deem necessary.

### (3) Separate Account(s).

(A) A domestic company issuing variable contracts shall establish one (1) or more separate accounts pursuant to section 376.309, RSMo, subject to the following provisions:

1. Except as provided, amounts allocated to any separate account and accumulation may be invested and reinvested in any kind or type of investment authorized for life insurance companies by the statutes of this state, but the investments in the account(s) shall not be included or taken into account in applying the investment limitations applicable to investments in the general investment account of any company; provided, that to the extent the company's reserve liability with regard to—1) benefits guaranteed as to dollar amount and duration and 2) funds guaranteed as to principal amount or stated return of interest, is maintained in any separate

account, a portion of the assets of the separate account at least equal to the reserve liability shall be invested in accordance with the laws of this state governing the general investment account of the company except as the director might otherwise approve, invested in accordance with the laws of this state governing the general investment account of the company;

2. With respect to seventy-five percent (75%) of the market value of the total assets in a separate account, no company shall purchase or otherwise acquire the securities of any issuer, other than securities issued or guaranteed as to principal or interest by the United States, if immediately after the purchase or acquisition the market value of the investment, together with prior investments of the separate account in such security taken at market, would exceed ten percent (10%), of the market value of the assets of the separate account; provided, that the director may waive the limitation if, in his/her opinion, the waiver will not render the operation of the separate account hazardous to the public or the policyholders in this state;

3. Unless otherwise permitted by law or approved by the director, no company shall purchase, or otherwise acquire for its separate accounts, the voting securities of any issuer if, as a result of the acquisition, the insurance company and its separate accounts, in the aggregate, will own more than ten percent (10%) of the total issued and outstanding voting securities of the issuer; provided, that this shall not apply with respect to securities held in separate accounts, the voting rights which are exercisable only in accordance with instructions from persons having interests in these accounts; and

4. The percentage limitations in paragraphs (3)(A)2. and 3. shall not apply to the investments of a separate account in the securities of an investment company registered under the Investment Company Act of 1940.

A. Unless otherwise approved by the director, assets allocated to a separate account shall be valued at their market value on the date of valuation or if there is no readily available market, then as provided under the terms of the contract or the rules or other written agreement applicable to the separate account; provided, that unless otherwise approved by the director, the portion of the assets of the separate account equal to the company's reserve liability with regard to the benefits and funds referred to in clauses 1) and 2) of paragraph (3)(A)1., if any, shall be valued in accordance with the rules otherwise applicable to the company's assets.

B. If and to the extent so provided under the applicable contracts, that portion of

the assets of any such separate account equal to the reserves and other contract liabilities with respect to that account shall not be chargeable with liabilities arising out of any other business the company may conduct.

C. Notwithstanding any other provisions, a company may—

(I) Exercise with respect to any separate account registered with the Securities and Exchange Commission as a unit investment trust, exercise voting rights in connection with any securities of a regulated investment company registered under the Investment Company Act of 1940 and held in the separate accounts in accordance with instructions from persons having interests in the accounts ratably as determined by the company; or

(II) Establish with respect to any separate account registered with the Securities and Exchange Commission as a management investment company, establish for the account a committee, board or other body, the members of which may or may not be otherwise affiliated with the company and may be elected to the membership by the vote of persons having interest in the account ratably as determined by the company. The committee, board or other body may have the power, exercisable alone or in conjunction with others, to manage the separate account and the investment of its assets.

D. A company, committee, board or other body may make other provisions in respect to any such separate account as may be deemed appropriate to facilitate compliance with requirements of any federal or state law in effect; provided, that the director approves the provisions as not hazardous to the public or the company's policyholders in the state.

(I) No investment in the separate account or in the general investment account of a life insurance company shall be transferred by sale, exchange, substitution or otherwise from one (1) account to another unless, in case of a transfer into a separate account, the transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made or unless the transfer, whether into or from a separate account, is made—1) by a transfer of cash or 2) by a transfer of other assets having a readily determinable market value; provided, that the transfer of other assets is approved by the director of insurance and is for assets of equivalent value. The transfer shall be deemed approved to the extent the assets of a separate account so transferred have been paid to or are being held by the company in connection with a pension,

retirement or profit sharing plan subject to the provisions of the *Internal Revenue Code* and the Employee Retirement Income Security Act of 1974. The director of insurance may withdraw the deemed approval by providing written notice to the company that its financial condition or past practices requires this withdrawal. The director of insurance may approve other transfers among the accounts if the director concludes that the transfers would be equitable.

(II) The company shall maintain in each separate account assets with a value at least equal to the reserves and other contract liabilities with respect to the account, except as may otherwise be approved by the director.

(III) Rules under any provisions of the insurance laws of this state or any rules applicable to the officers and directors of insurance companies with respect to conflicts of interest shall also apply to members of any separate account's committee, board or other similar body. No officer or director of the company nor any member of committee, board or body of a separate account shall receive other compensation with respect to any purchase or sale of assets of the separate account.

(4) Filing of Contracts. The filing requirements applicable to variable contracts shall be those filing requirements otherwise applicable under existing statutes and rules of this state with respect to individual and group life insurance and annuity contract form filings, to the extent appropriate.

(5) Contracts Providing for Variable Benefits.

(A) Any variable contract providing benefits payable in variable amounts delivered or issued for delivery in this state shall contain a statement of the essential features of the procedures to be followed by the insurance company in determining the dollar amount of the variable benefits. Any such contract, including a group contract and any certificate in evidence of variable benefits issued thereunder, shall state that the dollar amount will vary to reflect investment experience and shall contain on its page a conspicuously located statement reading "ALL PAYMENTS AND VALUES PROVIDED BY THIS CONTRACT, WHEN BASED ON INVESTMENT EXPERIENCE OF A SEPARATE ACCOUNT, ARE VARIABLE AND ARE NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT" or other statement of similar substance.

(B) Illustrations of benefits payable under any variable contract providing benefits payable in variable amounts shall not include projections of past investment experience into

the future or attempted predictions of future investment experience; provided, that nothing contained in this rule is intended to prohibit use of hypothetical assumed rates of return to illustrate possible levels of annuity benefits.

(C) No individual variable annuity contract calling for the payment of periodic stipulated payments shall be delivered or issued for delivery in Missouri unless it contains the following provision(s) which are more favorable to the holders of the contracts:

1. A provision that there shall be a period of grace of thirty (30) days, within which any stipulated payment to the insurer falling due after the first one (1) may be made, during which period of grace the contract shall continue in force. The contract may include a statement of the basis for determining the date as of which the payment received during the period of grace shall be applied to produce the values under the contract arising from that payment;

2. A provision that, at any time within five (5) years from the date of default in making periodic stipulated payments to the insurer, during the life of the annuitant and unless the cash surrender value has been paid, the contract may be reinstated upon payment to the insurer of the overdue payments as required by the contract and of all indebtedness to the insurer on the contract, including interest. The contract may include a statement of the basis for determining the date as to which the amount to cover the overdue payments and indebtedness shall be applied to produce the values under the contract arising from that amount; and

3. A provision specifying the options available in the event of default in a periodic stipulated payment. These options may include an option to surrender the contract for a cash value as determined by the contract and shall include an option to receive a paid-up annuity; if the contract is not surrendered for cash, the amount of the paid-up annuity shall be determined by applying the value of the contract at the annuity commencement date in accordance with the terms of the contract.

(D) Any individual variable annuity contract delivered or issued for delivery in this state shall stipulate the investment increment factor to be used in computing the dollar amount of variable benefits or other contractual payments or values, and may guarantee that expense, mortality results or both shall not adversely affect the dollar amounts. If not guaranteed, the expense and mortality factors shall also be stipulated in the contract.

1. In computing the dollar amount of the variable benefits or other contractual pay-

ments or values under an individual annuity contract—

A. The annual net investment increment assumption shall not exceed five percent (5%), except with the approval of the director; and

B. To the extent that the level of benefits may be affected by future mortality results, the mortality factor shall be determined from the Annuity Mortality Table for 1949, Ultimate or any modification of that table not having a lower life expectancy at any age or if approved by the director, from another table.

2. Expense as used in subsection (5)(D) may exclude some or all taxes, as stipulated in the contract.

(E) Variable annuity contracts may include as an incidental benefit provision for payment on death during the deferred period of an amount not in excess of the greater of the sum of the premiums or stipulated payments paid under the contract or the value of the contract at time of death. This provision shall not be subject to the provisions of the insurance law governing life insurance contracts. A variable annuity contract also may include provisions for other benefits on death or disability during the deferred period, which benefits shall be subject to the insurance law provisions governing the benefits. Any disability benefit or supplemental death benefit included in the contract shall not be subject to the requirements of paragraph (5)(C)2., unless consented to by the company after receiving satisfactory evidence of insurability.

(F) The reserve liability for variable annuities shall be established pursuant to the requirements of the standard valuation law in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

(6) Required Reports.

(A) At any company issuing individual variable contracts providing benefits in variable amounts shall mail to the contract holder at least once in each contract year, after the first, at his/her last address known to the company, a statement(s) reporting the investments held in the separate account and, in the case of contracts under which payments have not yet commenced, a statement reporting as of a date within four (4) months of the date of mailing, the number of accumulation units credited to those contracts and the dollar value of a unit or the value of the contract holder's account.

(B) The company annually shall submit to the director a statement of the business of its separate account(s) in the form as s/he may prescribe.

(7) Foreign Companies. If the law or regulation in the place of domicile of a foreign company provides a degree of protection to the policyholders and the public which is substantially equal to that provided by these rules, the director may consider compliance with that law or regulation as compliance with these rules, if followed within Missouri.

(8) Examination of Agents and Other Persons.

(A) No agent shall be eligible to sell or offer for sale a variable contract unless prior to making any solicitation or sale of this contract, s/he is also licensed as a variable contract agent.

(B) Any agent who participates only in the sale or offering for sale of variable contracts that are not registered under the Federal Securities Act of 1933 need not be licensed as a variable contract agent.

(C) Any agent applying for a license as a variable contract agent shall do so by filing with this department an application designated by the director of insurance.

(D) The licensing as a variable contract agent of any agent complying with subsection (8)(C) shall not become effective until the agent shall have satisfactorily passed a written examination upon securities and variable contracts. The examination shall be divided into two (2) parts. Part I shall be on securities generally. Part II will deal with variable contracts and will be composed of at least fifteen (15) questions concerning the history, purpose, regulation and sale of contracts on a variable basis. A passing grade of seventy percent (70%) shall be required on both Parts I and II of the examination.

(E) The examination will be given in such places and at times the director from time-to-time shall designate.

(F) The examination recommended for the testing of variable contract agents by the NAIC is adopted for use in this state and it shall be used in all tests given pursuant to this rule.

(G) Any applicant for license as a variable contract agent shall not be required to take Part I of the NAIC examination if, at the time of application, evidence is presented that the applicant—

1. Has previously passed a satisfactory alternative examination as defined in subsection (7)(D) of this rule; or

2. Is currently registered with the federal Securities and Exchange Commission as a broker-dealer or is currently associated with a broker-dealer and has met qualification requirements with respect to the association.

(H) Every applicant applying for license as a variable contract agent shall satisfactorily

complete Part II of the examination required by subsection (8)(D) or shall present evidence of successful completion of either a variable contract examination given under the supervision of an insurance department of any state or territory of the United States which had adopted Part II of the examination recommended for the testing of variable contract agents by the NAIC or has been examined and licensed by any insurance department prior to its adoption of the NAIC model regulation.

(I) If any applicant fails to pass Part I of the examination required by subsection (8)(D), s/he may retake Part I of the examination by submitting another Request for Examination seven (7) days prior to the examination date selected.

(J) If any applicant fails to pass Part II of the examination, s/he may retake Part II of the examination by submitting another Request for Examination seven (7) days prior to the examination date selected.

(K) Every application for a license as a variable contract agent shall be accompanied by a Request for Examination form, an examination fee of ten dollars (\$10) and a license fee of three dollars (\$3). A fee of ten dollars (\$10) will be charged for each reexamination administered to an applicant.

(L) Report of the results of any examination given pursuant to this rule shall be made by the department on "Director's Report of Examination" (see Exhibit A).

(M) Except as modified, the regulations governing the licensing of life insurance agents including examinations shall apply.

(N) Part I of the written examination provided for in subsection (8)(D) also shall be administered to other persons who are not required to be licensed to sell life insurance in this state upon their submission of Application for Securities Salesmen, Variable Contract Salesmen and Other Associated Persons and payment of the examination fee.

(O) Results of the examination administered pursuant to subsection (8)(D) will be reported by this department to the applicant's company. In addition, examination results will be reported by this department to any other state insurance department requesting confirmation of the examination grade, either upon request of the department or upon request of the applicant or his/her company and payment of costs.

(P) Records of the examination grade of each applicant upon an examination administered by this department or upon an examination deemed to be a satisfactory alternative examination and administered by another agency or authority and reported to this

department, will be retained in the file pertaining to the applicant.

(Q) Any person licensed in this state as a variable contract agent immediately shall report to the director—

1. Any suspension or revocation of his/her variable contract agent's license or life insurance agent's license in any other state or territory of the United States;

2. The imposition of any disciplinary sanction (including suspension or expulsion from membership, suspension or revocation of or denial of registration) imposed upon him/her by any national securities exchange or national securities association or any federal or state or territorial agency with jurisdiction over securities or contracts on a variable basis; and

3. Any judgment or injunction entered against him/her on the basis of conduct deemed to have involved fraud, deceit, misrepresentation or violation of any insurance or securities law or regulation.

(R) The director may reject any application or suspend or revoke or refuse to renew any variable contract agent's license upon any ground that would bar the applicant or the agent from being licensed to sell life insurance contracts in this state. The rules governing any proceeding relating to the suspension or revocation of a life insurance agent's license shall also govern any proceeding for suspension or revocation of a variable contract agent's license.

(S) Renewal of a variable contract agent's license shall follow the same procedure established for renewal of an agent's license to sell life insurance contracts in this state.

*AUTHORITY: sections 374.045, 376.590, 376.670 and 376.675, RSMo 1986, 375.936, RSMo Supp. 1991 and 376.309, RSMo Supp. 1992.\* This rule was previously filed as 4 CSR 190-13.080. Original rule filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Aug. 5, 1974, effective Aug. 15, 1974. Amended: Filed Dec. 23, 1975, effective Jan. 2, 1976. Amended: Filed Sept. 12, 1984, effective March 11, 1985.*

*\*Original authority: 374.045, RSMo 1967; 375.936, RSMo 1959, amended 1967, 1969, 1971, 1976, 1978, 1983, 1991; 376.309, RSMo 1963, amended 1969, 1983, 1992; 376.590, RSMo 1939; 376.670, RSMo 1943, amended 1959, 1961, 1965, 1975, 1979, 1982; and 376.675, RSMo 1963, amended 1984.*

*Survivors Ben. Ins. Co. v. Farmer, 514 SW2d 565 (Mo. 1974). Superintendent of insurance has the duty to approve or disapprove life insurance contracts and forms and no contract or form may be used in Missouri without the approval of the superintendent.*



EXHIBIT A

DIRECTOR'S REPORT OF EXAMINATION NO. \_\_\_\_\_

STATE OF MISSOURI DEPARTMENT OF INSURANCE APPROVAL OF LICENSE AS A VARIABLE CONTRACT AGENT

Name of Applicant

Address

Enter name and address of broker or dealer and of the company to which approval of application for Variable Contract Agent's License should be directed.

Broker-Dealer

Address

Company

Address

When validated by the Department of Insurance, this will be your notice of approval of your qualification for a Variable Contract Agent's License.

LICENSE APPROVED

Date

Director

TEST SCORE: NAIC EXAMINATION

SECURITIES Part I Variable Contracts Part II

(If test waived, indicate variable contract regulation section conferring exemption)

If NAIC examination not taken, then name of general securities examination acceptable to the SEC.

TEST SCORE: \_\_\_\_\_

20 CSR 400-1.030 Variable Life Insurance

PURPOSE: This rule was adopted pursuant to the provisions of section 374.045, RSMo and implements and defines sections 376.309, 376.670 and 376.675, RSMo.

Editor's Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law.

(1) Definitions.

(A) Affiliate of an insurer means any person, directly or indirectly, controlling, controlled by or under common control with the insurer; any person who regularly furnishes investment advice to that insurer with respect to its separate accounts for which a specific fee or commission is charged; or any director, officer, partner or employee of the insurer, controlling or controlled person or person providing investment advice or any member of the immediate family of the person.

(B) Agent means any person, corporation, partnership or legal entity which is licensed by this state as a life insurance agent.

(C) Assumed investment rate means the rate of investment return which would be required to be credited to a variable life insurance policy, after deduction of charges for taxes, investment expenses and mortality and expense guarantees to maintain the variable death benefit equal at all times to the amount of death benefit, other than incidental insurance benefits, which would be payable under the plan of insurance if the death benefit did not vary according to the investment experience of the separate account.

(D) Benefit base means the amount to which the net investment return is applied.

(E) Director means the insurance director of this state.

(F) Control (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services or otherwise unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any per-

son, directly or indirectly, owns, controls, holds with the power to vote or holds proxies representing more than ten percent (10%) of the voting securities of any other person. This presumption may be rebutted by a showing made to the satisfaction of the director that control does not exist in fact. The director may determine, after furnishing all persons in interest, notice and opportunity to be heard and making specific Findings of Fact to support the determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

(G) Flexible premium policy means any variable life insurance policy other than a scheduled premium policy as specified in subsection (1)(O).

(H) General account means all assets of the insurer other than assets in separate accounts established pursuant to section 376.309, RSMo (1986) of the insurance laws of this state, or pursuant to the corresponding section of the insurance laws of the state of domicile of a foreign or alien insurer, whether or not for variable life insurance.

(I) Incidental insurance benefit means all insurance benefits in a variable life insurance policy, other than the variable death benefit and minimum death benefit, including, but not limited to, accidental death and dismemberment benefits, disability benefits, guaranteed insurability options, family income or term riders.

(J) May is permissive.

(K) Minimum death benefit means the amount of the guaranteed death benefit, other than incidental insurance benefits, payable under a variable life insurance policy regardless of the investment performance of the separate account.

(L) Net investment return means the rate of investment return in a separate account to be applied to the benefit base.

(M) Person means an individual, corporation, partnership, association, trust or fund.

(N) Policy processing day means the day on which charges authorized in the policy are deducted from the policy's cash value.

(O) Scheduled premium policy means any variable life insurance policy under which both the amount and timing of premium payments are fixed by the insurer.

(P) Separate account means a separate account established pursuant to section 376.309, RSMo or pursuant to the corresponding section of the insurance laws of the state of domicile of a foreign or alien insurer.

(Q) Shall is mandatory.

(R) Variable death benefit means the amount of the death benefit, other than incidental insurance benefits, payable under a variable life insurance policy dependent on

the investment performance of the separate account, which the insurer would have to pay in the absence of any minimum death benefit.

(S) Variable life insurance policy means any individual policy which provides for life insurance the amount or duration of which varies according to the investment experience of any separate account(s) established and maintained by the insurer as to the policy, pursuant to section 376.309, RSMo of the insurance laws of this state or pursuant to the corresponding section of the insurance laws of the state of domicile of a foreign or alien insurer.

(2) Qualification of Insurer to Issue Variable Life Insurance. The following requirements are applicable to all insurers either seeking authority to issue variable life insurance in this state or which have authority to issue variable life insurance in this state:

(A) Licensing and Approval to Do Business in This State. An insurer shall not deliver or issue for delivery in this state any variable life insurance policy unless—

1. The insurer is licensed or organized to do a life insurance business in this state; and

2. The insurer has obtained the written approval of the director for the issuance of variable life insurance policies in this state. The director shall grant this written approval only after s/he has found that—

A. The plan of operation for the issuance of variable life insurance policies is not unsound;

B. The general character, reputation and experience of the management and those persons or firms proposed to supply consulting, investment, administrative or custodial services to the insurer are such as to reasonably assure competent operation of the variable life insurance business of the insurer in this state; and

C. The present and foreseeable financial condition of the insurer and its method of operation in connection with the issuance of these policies is not likely to render its operation hazardous to the public or its policyholders in this state. The director shall consider, among other things—

(I) The history of operation and financial condition of the insurer;

(II) The qualifications, fitness, character, responsibility, reputation and experience of the officers and directors and other management of the insurer and those persons or firms proposed to supply consulting, investment, administrative or custodial services to the insurer;

(III) The applicable law and rules under which the insurer is authorized in its

state of domicile to issue variable insurance policies. The state of entry of an alien insurer shall be deemed its state of domicile for this purpose; and

(IV) If the insurer is a subsidiary of, or is affiliated by common management or ownership with another company, its relationship to such other company and the degree to which the requesting insurer, as well as the other company, meets these standards;

(B) Filing for Approval to Do Business in This State. The director, at his/her discretion, may require that an insurer, before it delivers or issues for delivery any variable life insurance policy in this state, file with this department the following information for the consideration of the director in making the determination required by paragraph (2)(A)2.:

1. Copies of and a general description of the variable life insurance policies it intends to issue;

2. A general description of the methods of operation of the variable life insurance business of the insurer, including methods of distribution of policies and the names of those persons or firms proposed to supply consulting, investment, administrative, custodial or distributive services to the insurer;

3. With respect to any separate account maintained by an insurer for any variable life insurance policy, a statement of the investment policy the insurer intends to follow for the investment of the assets held in the separate account, and a statement of procedures for changing the investment policy. The statement of investment policy shall include a description of the investment objectives intended for the separate account;

4. A description of any investment advisory services contemplated as required by subsection (5)(I);

5. A copy of the statutes and rules of the state of domicile of the insurer under which it is authorized to issue variable life insurance policies;

6. Biographical data with respect to officers and directors of the insurer on the National Association of Insurance Commissioners (NAIC) Uniform Biographical Data Form; and

7. A statement of the insurer's actuary describing the mortality and expense risks which the insurer will bear under the policy;

(C) Standards of Suitability. Every insurer seeking approval to enter into the variable life insurance business in this state shall establish and maintain a written statement specifying the Standards of Suitability to be used by the insurer. These Standards of Suitability shall specify that no recommendation shall be made to an applicant to purchase a variable life insurance policy and that no variable life

insurance policy shall be issued in the absence of reasonable grounds to believe that the purchase of the policy is not unsuitable for the applicant on the basis of information furnished after reasonable inquiry of the applicant concerning the applicant's insurance and investment objectives, financial situation and needs, and any other information known to the insurer or the agent making the recommendation;

(D) Use of Sales Materials. An insurer authorized to transact variable life insurance business in this state shall not use any sales material, advertising material or descriptive literature or other materials of any kind in connection with its variable life insurance business in this state which is false, misleading, deceptive or inaccurate. Variable life insurance sales material, advertising material and descriptive literature shall be subject to the additional requirements of 20 CSR 400-5.100;

(E) Requirements Applicable to Contractual Services. Any material contract between an insurer and suppliers of consulting, investment, administrative, sales, marketing, custodial or other services with respect to variable life insurance operations shall be in writing and provide that the supplier of these services shall furnish the director with any information or reports in connection with these services which the director may request in order to ascertain whether the variable life insurance operations of the insurer are being conducted in a manner consistent with these rules and any other applicable law or rules;

(F) Reports to the Director.

1. Any insurer authorized to transact the business of variable life insurance in this state shall submit to the director, in addition to any other materials which may be required by this rule or any other applicable laws or rules—

A. An annual statement of the business of its separate account(s) in such forms as may be prescribed by the NAIC;

B. Prior to the use in this state, any information furnished to applicants as provided for in section (6);

C. Prior to the use in this state, the form of any of the Reports to Policyholders as provided for in section (8); and

D. Additional information concerning its variable life insurance operations or its separate accounts as the director shall deem necessary.

2. Any material submitted to the director under subsection (2)(F) shall be disapproved if it is found to be false, misleading, deceptive or inaccurate in any material respect and, if previously distributed, the director shall require the distribution of amended material; and



(G) Authority of Director to Disapprove. Any material required to be filed with, and approved by the director, shall be subject to disapproval if at any time it is found by him/her not to comply with the standards established in this rule.

(3) Insurance Policy Requirements—Policy Qualification. The director shall not approve any variable life insurance form filed pursuant to this regulation unless it conforms to the requirements of this section.

(A) Filing of Variable Life Insurance Policies. All variable life insurance policies and all riders, endorsements, applications and other documents which are to be attached, to be made a part of the policy and which relate to the variable nature of the policy shall be filed with the director and approved by him/her prior to delivery or issuance for delivery in this state.

1. The procedures and requirements for this filing and approval shall be, to the extent appropriate and not inconsistent with this rule, the same as those otherwise applicable to other life insurance policies.

2. The director may approve variable life insurance policies and related forms with provisions the director deems to be not less favorable to the policyholder and the beneficiary than those required by this rule.

(B) Mandatory Policy Benefit and Design Requirements. Variable life insurance policies delivered or issued for delivery in this state shall comply with the following minimum requirements:

1. Mortality and expense risks shall be borne by the insurer. The mortality and expense charges shall be subject to the maximums stated in the contract;

2. For scheduled premium policies, a minimum death benefit shall be provided in an amount at least equal to the initial face amount of the policy so long as premiums are duly paid (subject to the provisions of subsection (3)(D));

3. The policy shall reflect the investment experience of one (1) or more separate accounts established and maintained by the insurer. The insurer must demonstrate that the reflection of investment experience in the variable life insurance policy is actuarially sound;

4. Each variable life insurance policy shall be credited with the full amount of the net-investment return applied to the benefit base;

5. Any changes in variable death benefits of each variable life insurance policy shall be determined at least annually;

6. The cash value of each variable life insurance policy shall be determined at least

monthly. The method of computation of cash values and other nonforfeiture benefits, as described either in the policy or in a statement filed with the director of the state in which the policy is delivered, or issued for delivery, shall be in accordance with actuarial procedures that recognize the variable nature of the policy. The method of computation must be such that, if the net-investment return credited to the policy at all times from the date of issue should be equal to the assumed investment rate with premiums and benefits determined accordingly under the terms of the policy, then the resulting cash values and other nonforfeiture benefits must be at least equal to the minimum values by section 376.670, RSMo, for a general account policy with those premiums and benefits. The assumed investment rate shall not exceed the maximum interest rate permitted under the Standard Nonforfeiture Law of this state. If the policy does not contain an assumed investment rate, this demonstration shall be based on the maximum interest rate permitted under the Standard Nonforfeiture Law. The method of computation may disregard incidental minimum guarantees as to the dollar amounts payable. Incidental minimum guarantees include, for example, but are not limited to, a guarantee that the amount payable at death or maturity shall be at least equal to the amount that otherwise would have been payable if the net-investment return credited to the policy at all times from the date of issue had been equal to the assumed investment rate; and

7. The computation of values required for each variable life insurance policy may be based upon reasonable and necessary approximations as are acceptable to the director.

(C) Mandatory Policy Provisions. Every variable life insurance policy filed for approval in this state shall contain at least the following:

1. The cover page(s) corresponding to the cover page of each policy shall contain—

A. A prominent statement in either contrasting color or in boldface type that the amount or duration of death benefit may be variable or fixed under specified conditions;

B. A prominent statement in either contrasting color or in boldface type that cash values may increase or decrease in accordance with the experience of the separate account subject to any specified minimum guarantees;

C. A statement describing any minimum death benefit required pursuant to paragraph (3)(B)2.;

D. The method, or a reference to the policy provision, which describes the method

for determining the amount of insurance payable at death;

E. To the extent permitted by state law, a captioned provision that the policyholder may return the variable life insurance policy within ten (10) days of receipt of the policy by the policyholder and receive a refund equal to the sum of—

(I) The difference between the premiums paid including any policy fees or other charges and the amounts allocated to any separate accounts under the policy; and

(II) The value of the amounts allocated to any separate accounts under the policy, on the date the returned policy is received by the insurer or its agent. Until a time as state law authorizes the return of payments as calculated in the preceding sentence, the amount of the refund shall be the total of all premium payments for the policy; and

F. Other items as are currently required for fixed benefit life insurance policies and which are not inconsistent with this rule;

2. For scheduled premium policies, a provision for a grace period of not less than thirty-one (31) days from the premium due date which shall provide that when the premium is paid within the grace period, policy values will be the same, except for the deduction of any overdue premium, as if the premium were paid on or before the due date;

3. For flexible premium policies, a provision for a grace period beginning on the policy processing day when the total charges authorized by the policy that are necessary to keep the policy in force until the next policy processing day exceed the amounts available under the policy to pay these charges in accordance with the terms of the policy. This grace period shall end on a date not less than sixty-one (61) days after the mailing date of the Report to Policyholders required by subsection (8)(C);

4. The death benefit payable during the grace period will equal the death benefit in effect immediately prior to this period less any overdue charges. If the policy processing days occur monthly, the insurer may require the payment of not more than three (3) times the charges which were due on the policy processing day on which the amounts available under the policy were insufficient to pay all charges authorized by the policy that are necessary to keep the policy in force until the next policy processing day;

5. For scheduled premium policies, a provision that the policy will be reinstated at any time within five (5) years from the date of default upon the written application of the insured and evidence of insurability, including good health, satisfactory to the insurer,

unless the cash surrender value has been paid or the period of extended insurance has expired, upon the payment of any outstanding indebtedness arising subsequent to the end of the grace period following the date of default together with accrued interest to the date of reinstatement and payment of an amount not exceeding the greater of—

A. All overdue premiums with interest at a rate not exceeding that permitted by state law compounded annually and any indebtedness in effect at the end of the grace period following the date of default with interest at a rate not exceeding that permitted by state law compounded annually; or

B. One hundred ten percent (110%) of the increase in cash value resulting from reinstatement plus all overdue premiums for incidental insurance benefits with interest at a rate not exceeding that permitted by state law compounded annually;

6. A full description of the benefit base and of the method of calculation and application of any factors used to adjust variable benefits under the policy;

7. A provision designating the separate account to be used and stating that—

A. The assets of this separate account shall be available to cover the liabilities of the general account of the insurer only to the extent that the assets of the separate account exceed the liabilities of the separate account arising under the variable life insurance policies supported by the separate account; and

B. The assets of the separate account shall be valued at least as often as any policy benefits vary but at least monthly;

8. A provision specifying what documents constitute the entire insurance contract under state law;

9. A designation of the officers who are empowered to make an agreement or representation on behalf of the insurer and an indication that statements by the insured, or on his/her behalf, shall be considered as representations and not warranties;

10. An identification of the owner of the insurance contract;

11. A provision setting forth conditions or requirements as to the designation, or change of designation, of a beneficiary and a provision for disbursement of benefits in the absence of a beneficiary designation;

12. A statement of any condition or requirements concerning the assignment of the policy;

13. A description of any adjustments in policy values to be made in the event of misstatement of age or sex of the insured;

14. A provision that the policy shall be incontestable by the insurer after it has been in force for two (2) years during the lifetime

of the insured; provided, however, that any increase in the amount of the policy's death benefits subsequent to the policy issue date, which increase occurred upon a new application or request of the owner and was subject to satisfactory proof of the insured's insurability, shall be incontestable after the increase has been in force, during the lifetime of the insured, for two (2) years from the date of issue of the increase;

15. A provision stating that the investment policy of the separate account shall not be changed without the approval of the insurance director of the state of domicile of the insurer and that the approval process is on file with the director of this state;

16. A provision that payment of variable death benefits in excess of any minimum death benefits, cash values, policy loans or partial withdrawals (except when used to pay premiums) or partial surrenders may be deferred—

A. For up to six (6) months from the date of request, if these payments are based on policy values which do not depend on the investment performance of the separate account; or

B. Otherwise, for any period during which the New York Stock Exchange is closed for trading (except for normal holiday closing) or when the Securities and Exchange Commission has determined that a state of emergency exists which may make the payment impractical;

17. If settlement options are provided, at least one (1) on these options shall be provided on a fixed basis only;

18. A description of the basis for computing the cash value and the surrender value under the policy shall be included;

19. Premiums or charges for incidental insurance benefits shall be stated separately;

20. Any other policy provision required by this regulation;

21. Other items as are currently required for fixed benefit life insurance policies and are not inconsistent with this rule; and

22. A provision for nonforfeiture insurance benefits. The insurer may establish a reasonable minimum cash value below which any nonforfeiture insurance options will not be available.

(D) Policy Loan Provisions. Every variable life insurance policy, other than term insurance policies and pure endowment policies, delivered or issued for delivery in this state shall contain provisions which are not less favorable to the policyholder than the following:

1. A provision for policy loans after the policy has been in force for one (1) full year which provides the following:

A. At least seventy-five percent (75%) of the policy's cash surrender value may be borrowed;

B. The amount borrowed shall bear interest at a rate not to exceed that permitted by state insurance law;

C. Any indebtedness shall be deducted from the proceeds payable on death;

D. Any indebtedness shall be deducted from the cash surrender value upon surrender or in determining any nonforfeiture benefit;

E. For scheduled premium policies, whenever the indebtedness exceeds the cash surrender value, the insurer shall give notice of any intent to cancel the policy if the excess indebtedness is not repaid within thirty-one (31) days after the date of mailing of the notice. For flexible premium policies, whenever the total charges authorized by the policy that are necessary to keep the policy in force until the next following policy processing day exceed the amounts available under the policy to pay these charges, a report must be sent to the policyholder containing the information specified by subsection (8)(C);

F. The policy may provide that if, at any time, so long as premiums are duly paid, the variable death benefit is less than it would have been if no loan or withdrawal had ever been made, the policyholder may increase the variable death benefit up to what it would have been if there had been no loan or withdrawal by paying an amount not exceeding one hundred ten percent (110%) of the corresponding increase in cash value and by furnishing evidence of insurability as the insurer may request;

G. The policy may specify a reasonable minimum amount which may be borrowed at any time but this minimum shall not apply to any automatic premium loan provision;

H. No policy loan provision is required if the policy is under extended insurance nonforfeiture option;

I. The policy loan provisions shall be constructed so that variable life insurance policyholders who have not exercised these provisions are not disadvantaged by the exercise them; and

J. Amounts paid to the policyholders upon the exercise of any policy loan provision shall be withdrawn from the separate account and shall be returned to the separate account upon repayment except that a stock insurer may provide the amounts for policy loans from the general account.

(E) Other Policy Provisions. The following provision in substance may be included in a variable life insurance policy or related form delivered or issued for delivery in this state:

1. Incidental insurance benefits may be offered on a fixed or variable basis;

2. Policies issued on a participating basis shall offer to pay dividend amounts in cash. In addition, these policies may offer the following dividend options:

A. The amount of the dividend may be credited against premium payments;

B. The amount of the dividend may be applied to provide amounts of additional fixed or variable benefit life insurance;

C. The amount of the dividend may be deposited in the general account at a specified minimum rate of interest;

D. The amount of the dividend may be applied to provide paid-up amounts of fixed benefit one (1)-year term insurance; and

E. The amount of the dividend may be deposited as a variable deposit in a separate account;

3. A provision allowing the policyholder to elect in writing in the application for the policy or thereafter an automatic premium loan on a basis not less favorable than that required of policy loans under subsection (3)(D), except that a restriction that no more than two (2) consecutive premiums can be paid under this provision may be imposed;

4. A provision allowing the policyholder to make partial withdrawals; and

5. Any other policy provision approved by the director.

(4) Reserve Liabilities for Variable Life Insurance.

(A) Reserve liabilities for variable life insurance policies shall be established under the Standard Valuation Law in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

(B) For scheduled premium policies, reserve liabilities for the guaranteed minimum death benefit shall be the reserve needed to provide for the contingency of death occurring when the guaranteed minimum death benefit exceeds the death benefit that would be paid in the absence of the guarantee, and shall be maintained in the general account of the insurer and shall not be less than the greater of the following minimum reserve:

1. The aggregate total of the term costs, if any, covering a period of one (1) full year from the valuation date, of the guarantee on each variable life insurance contract, assuming an immediate one-third (1/3) depreciation in the current value of the assets of the separate account followed by a net-investment return equal to the assumed investment rate;

2. The aggregate total of the attained age level reserve on each variable life insurance contract. The attained age level reserve on each variable life insurance contract shall not be less than zero (0) and shall equal the residue, as described in subparagraph (4)(B)2.A., of the prior year's attained age level reserve in the contract, with any such residue increased or decreased by a payment computed on an attained age basis as described in subparagraph (4)(B)2.B.

A. The residue of the prior year's attained age level reserve on each variable life insurance contract shall not be less than zero (0) and shall be determined by adding interest at the valuation interest rate to the prior year's reserve, deducting the tabular claims based on the excess, if any, of the guaranteed minimum death benefit over the death benefit that would be payable in the absence of the guarantee and dividing the net result by the tabular probability of survival. The excess referred to in the preceding sentence shall be based on the actual level of death benefits that would have been in effect during the preceding year in the absence of the guarantee, taking appropriate account of the reserve assumptions regarding the distribution of death claim payments over the year.

B. The payment referred to in paragraph (4)(B)2. shall be computed so that the present value of a level payment of that amount each year over the future premium paying period of the contract is equal to A minus B minus C, where—

(I) A is the present value of the future guaranteed minimum death benefits;

(II) B is the present value of the future death benefits that would be payable in the absence of the guarantee; and

(III) C is any residue, as described in subparagraph (4)(B)2.A. prior year's attained age level reserve on the valuable life insurance contract. If the contract is paid up, the payment shall equal A minus B minus C. The amounts of future death benefits referred to in B shall be computed assuming a net investment return of the separate account which may differ from the assumed investment rate, the valuation interest, or both, but in no event may exceed the maximum interest rate permitted for the valuation of life contracts; and

3. The valuation interest rate and mortality table used in computing the two (2) minimum reserves described in paragraphs (4)(B)1. and 2. shall conform to permissible standards for the valuation of life insurance contracts. In determination of the minimum reserve, the company may employ suitable approximations and estimates including, but not limited to, groupings and averages.

(C) For flexible premium policies, reserve liabilities for any guaranteed minimum death benefit shall be maintained in the general account of the insurer and shall not be less than the aggregate total of the term costs, if any, covering the period in the guarantee not otherwise provided for by the reserves held in the separate account assuming an immediate one-third (1/3) depreciation in the current value of the assets of the separate account followed by a net-investment return equal to the valuation interest rate.

(D) The valuation interest rate and mortality table used in computing this additional reserve, if any, shall conform to permissible standards for the valuation of life insurance contracts. In determining the minimum reserve, the company may employ suitable approximations and estimates including, but not limited to, groupings and averages.

(E) Reserve liabilities for all fixed incidental insurance benefits and any guarantees associated with variable accident insurance benefits shall be maintained in the general account and reserve liabilities for all variable aspects of the variable incidental insurance benefits shall be maintained in a separate account in amounts determined in accordance with the actuarial procedures appropriate to the benefit.

(5) Separate Accounts. The following requirements apply to the establishment and administration of variable life insurance separate accounts by any domestic insurer:

(A) Establishment and Administration of Separate Accounts. An insurer issuing variable life insurance shall establish one (1) or more separate accounts pursuant to section 376.309, RSMo.

1. If no law or other rule provides for the custody of separate account assets and if the insurer is not the custodian of these separate account assets, all contracts for custody of these assets shall be in writing and the director shall have authority to review and approve of both the terms of this contract and the proposed custodian prior to the transfer of custody.

2. This insurer, without the prior written approval of the director, shall not employ in any material connection with the handling of separate account assets any person who—

A. Within the last ten (10) years, has been convicted of any felony arising out of that person's conduct involving embezzlement, fraudulent conversion or misappropriation of funds or securities or involving violation of Section 1341, 1342 or 1343 of Title 18, *United States Code*;

B. Within the last ten (10) years, has been found by any state regulatory authority

to have violated or has acknowledged violation of any provision of any state insurance law involving fraud, deceit or knowing misrepresentation; or

C. Within the last ten (10) years, has been found by federal or state regulatory authorities to have violated or has acknowledged violation of any provision of federal or state securities laws involving fraud, deceit or knowing misrepresentation.

3. All persons with access to the cash, securities or other assets of the separate account shall be under bond in an amount of not less than five hundred thousand dollars (\$500,000).

4. The assets of the separate accounts shall be valued at least as often as variable benefits are determined but in any event at least monthly;

(B) Amounts in the Separate Account. The insurer shall maintain in each separate account assets with a value at least equal to the greater of the valuation reserves for the variable portion of the variable life insurance policies or the benefit base for these policies;

(C) Investments by the Separate Account.

1. No sale, exchange or other transfer of assets may be made by an insurer or any of its affiliates between any of its separate accounts or between any other investment account and one (1) or more of its separate accounts except as provided in section 376.309, RSMo.

2. The separate account shall have sufficient net-investment income and readily marketable assets to meet anticipated withdrawals under policies funded by the account;

(D) Limitations on Ownership.

1. A separate account shall not purchase or otherwise acquire the securities of any issuer, other than securities issued or guaranteed as to principal and interest by the United States, if immediately after the purchase or acquisition the value of the investment, together with prior investments of the separate account in the security valued as required by these rules, would exceed ten percent (10%) of the value of the assets of the separate account. The director may waive this limitation in writing if s/he believes this waiver will not render the operation of the separate account hazardous to the public or the policyholders in this state.

2. No separate account shall purchase or otherwise acquire the voting securities of any issuer if, as a result of this acquisition, the insurer and its separate accounts, in the aggregate, will own more than ten percent (10%) of the total issued and outstanding voting securities of the issuer. The director may waive this limitation in writing if s/he believes the waiver will not render the opera-

tion of the separate account hazardous to the public or the policyholders in this state or jeopardize the independent operation of the issuer of such securities.

3. The percentage limitation specified in paragraph (5)(D)1. shall not be construed to preclude the investment of the assets of separate accounts in shares of investment companies registered pursuant to the Investment Company Act of 1940 or other pools of investment assets if the investments and investment policies of the investment companies or asset pools comply substantially with the provisions of subsection (5)(C) and other applicable portions of this rule;

(E) Valuation of Separate Account Assets. Investments of the separate account shall be valued at their market value on the date of valuation or at amortized cost if it approximates market value;

(F) Separate Account Investment Policy. The investment policy of a separate account operated by a domestic insurer filed under paragraph (2)(B)3. shall not be changed without first filing the change with the insurance director.

1. Any change filed pursuant to this section shall be effective sixty (60) days after the date it was filed with the director, unless the director notifies the insurer before the end of the sixty (60)-day period of his/her disapproval of the proposed change. At any time the director, after notice and public hearing, may disapprove any change that has become effective pursuant to this section.

2. The director may disapprove the change if s/he determines that the change would be detrimental to the interests of the policyholders participating in separate accounts;

(G) Charges Against Separate Account. The insurer must disclose in writing, prior to or contemporaneously with delivery of the policy, all charges that may be made against the separate account, including, but not limited to, the following:

1. Taxes or reserves for taxes attributable to investment gains and income of the separate account;

2. Actual cost of reasonable brokerage fees and similar direct acquisition and sales costs incurred in the purchase or sale of separate account assets;

3. Actuarially determined cost of insurance (tabular costs) and the release of separate account liabilities;

4. Charges for administrative expenses and investment management expenses, including internal costs attributable to the investment management of assets of the separate account;

5. A charge at a rate specified in the policy for mortality and expense guarantees;

6. Any amounts in excess of those required to be held in the separate account; and

7. Charges for incidental insurance benefits;

(H) Standards of Conduct. Every insurer seeking approval to enter into the variable life insurance business in this state shall adopt by formal action of its board of directors a written statement specifying the standards of conduct of the insurer, its officers, directors, employees and affiliates with respect to the purchase or sale of investments of separate accounts. These standards of conduct shall be binding on the insurer and those to whom it refers. A code(s) of ethics meeting the requirements of Section 17, under the Investment Company Act of 1940 and its applicable rules shall satisfy the provisions of this section;

(I) Conflicts of Interest. Rules under any provision of insurance laws of this state or any rules applicable to the officers and directors of insurance companies with respect to conflicts of interest shall also apply to members of any separate account's committee or other similar body; and

(J) Investment Advisory Services to a Separate Account. An insurer shall not enter into a contract under which any person undertakes, for a fee, to regularly furnish investment advice to the insurer with respect to its separate accounts maintained for variable life insurance policies unless—

1. The person providing the advice is registered as an investment advisor under the Investment Advisor's Act of 1940;

2. The person providing the advice is an investment manager under the Employee Retirement Income Security Act of 1974 with respect to the assets of each employee benefit plan allocated to the separate account; or

3. The insurer has filed with the director and annually continues to file the following information and statements concerning the proposed advisor:

A. The name and form of organization, state of organization and its principal place of business;

B. The names and addresses of its partners, officers, directors and persons performing similar functions or, if an investment advisor is an individual, of this individual;

C. A written standard of conduct complying in substance with the requirements of subsection (5)(H) which has been adopted by the investment advisor and is applicable to the investment advisor, its officers, directors and affiliates;

D. A statement provided by the proposed advisor as to whether the advisor or any associated person(s)—

(I) Has been convicted within ten (10) years of any felony or misdemeanor arising out of that person's conduct as an employee, salesman, officer or director of an insurance company, a banker, an insurance agent, a securities broker or an investment advisor, involving embezzlement, fraudulent conversion or misappropriation of funds or securities or involving the violation of section 1341, 1342 or 1343 of Title 18 of the United States Code;

(II) Has been permanently or temporarily enjoined by order, judgment or decree of any court of competent jurisdiction from acting as an investment advisor, underwriter, broker or dealer or as an affiliated person or as an employee of any investment company, bank or insurance company or from engaging in or continuing any conduct or practice in connection with this activity;

(III) Has been found by federal or state regulatory authorities to have willfully violated or has acknowledged willful violation of any provision of federal or state securities laws or state insurance laws or of any rule under these laws; or

(IV) Has been censured, denied an investment advisor registration, had a registration as an investment advisor revoked or suspended or been barred or suspended from being associated with an investment advisor by order of federal or state regulatory authorities;

E The investment advisory contract shall be in writing and provide that it may be terminated by the insurer without penalty to the insurer or the separate account upon no more than sixty (60) days' written notice to the investment advisor; and

F. The director, after notice and opportunity for hearing, by order may require the investment advisory contract to be terminated if s/he deems continued operation under the contract to be hazardous to the public or the insurance company's policyholders.

(6) Information Furnished to Applicants.

(A) An insurer delivering or issuing for delivery in this state any variable life insurance policies shall deliver to the applicant for the policy and obtain a written acknowledgment of receipt from the applicant coincident with, or prior to the execution of, the application, the following information. The requirements of this section shall be deemed to have been satisfied to the extent that a disclosure containing information required by this section is delivered, either in the form of—

1. A prospectus included in the requirements of the Securities Act of 1933 and which was declared effective by the Securities and Exchange Commission; or

2. All information and reports required by the Employee Retirement Income Security Act of 1974 if the policies are exempted from the registration requirements of the Securities Act of 1933 pursuant to Section (3)(a)(2).

(B) A summary explanation in nontechnical terms, of the principal features of the policy, including a description of the manner in which the variable benefits will reflect the investment experience of the separate account and the factors which affect the variation. The explanation must include notices of the provision required by subparagraph (3)(C)1.E and paragraph (3)(C)8.

(C) A statement of the investment policy of the separate account, including:

1. A description of the investment objectives intended for the separate account and the principal types of investments intended to be made; and

2. Any restrictions or limitations on the manner in which the operations of the separate account are intended to be conducted.

(D) A statement of the net-investment return of the separate account for each of the last ten (10) years or a lesser period the statement separate account was in existence.

(E) A statement of the charges levied against the separate account during the previous year.

(F) A summary of the method to be used in valuing assets held by the separate account.

(G) A summary of the federal income tax aspects of the policy applicable to the insured, the policyholder and the beneficiary.

(H) Illustrations of benefits payable under the variable life insurance contract, these illustrations shall be prepared by the insurer and shall not include projections of past investment experience into the future or attempted predictions of future investment experience, provided that nothing contained in this rule prohibits use of hypothetical assumed rates of return to illustrate possible levels of benefits if it is made clear that the assumed rates are hypothetical only.

(7) Applications. The application for a variable life insurance policy shall contain:

(A) A prominent statement that the death benefit may be variable or fixed under specific conditions;

(B) A prominent statement that cash values may increase or decrease in accordance with the experience of the separate account (subject to any specified minimum guarantees); and

(C) Questions designed to elicit information which enables the insurer to determine the suitability of variable life insurance for the applicant.

(8) Reports to Policyholders. Any insurer delivering or issuing for delivery in this state any variable life insurance policies shall mail to each variable life insurance policyholder at his/her last known address the following reports:

(A) Within thirty (30) days after each anniversary of the policy, a statement(s) of the cash surrender value, death benefit, any partial withdrawal or policy loan, any interest charge and any optional payment allowed pursuant to subsection (3)(D) under the policy computed as of the policy anniversary date. Provided, however, that this statement may be furnished within thirty (30) days after a specified date in each policy year so long as the information contained in the policy is computed as of a date not more than sixty (60) days prior to the mailing of the notice. This statement shall state that, in accordance with the investment experience of the separate account, the cash values and the variable death benefit may increase or decrease, and shall prominently identify any value described in the statement which may be recomputed prior to the next statement required by this section. If the policy guarantees that the variable death benefit on the next policy anniversary date will not be less than the variable death benefit specified in the statement, the statement shall be modified to so indicate. For flexible premium policies the report must contain a reconciliation of the change since the premium report in cash value and cash surrender value, if different, because of payments made (less deductions for expense charges), withdrawals, investment experience, insurance charges and any other charges made against the cash value. In addition, the report must show the projected cash value and cash surrender value, if different, as of one (1) year from the end of the period covered by the report assuming that—

1. Planned periodic premiums, if any, as paid as scheduled;

2. Guaranteed costs of insurance are deducted; and

3. The net return is equal to the guaranteed rate or in the absence of a guaranteed rate, is not greater than zero (0). If the projected value is less than zero (0), a warning message must be included that states that the policy may be in danger of terminating without value in the next twelve (12) months unless additional premium is paid;

(B) Annually, a statement(s) including:

1. A summary of the financial statement of the separate account based on the annual statement last filed with the director;

2. The net investment return of the separate account for the last year and, for each year after the first, a comparison of the investment rate of the separate account during the last year with investment rate during prior years, up to a total of not less than five (5) years when available;

3. A list of investments held by the separate account as of a date not earlier than the end of the last year for which an annual statement was filed with the director;

4. Any charges levied against the separate account during the previous year; and

5. A statement of any change, since the last report, in the investment objective and orientation of the subject account, in any investment restriction or material quantitative or qualitative investment requirement applicable to the separate account or in the investment advisor of the separate account; and

(C) For flexible premium policies, a report must be sent to the policyholder if the amount available under the policy on any policy processing day to pay the charges authorized by the policy are less than the amount necessary to keep the policy in force until the next following policy processing day. The report must indicate the minimum payment required under the terms of the policy to keep it in force and the length of the grace period for payment of that amount.

(9) Foreign Companies. If the law or rule in the place of domicile of a foreign company provides a degree of protection to the policyholders and the public which is substantially similar to that provided by these rules, the director to the extent deemed appropriate by him/her in his/her discretion, may consider compliance with the law or rule as compliance with these rules.

(10) Qualification of Agents for the Sale of Variable Life Insurance.

(A) Qualification to Sell Variable Life Insurance.

1. No person may sell or offer for sale in this state any variable life insurance policy unless the person is an agent and has filed with the director, in a form satisfactory to the director, evidence that the person holds any license or authorization which may be required for the solicitation or sale of variable life insurance.

2. Any examination administered by the department for the purpose of determining the eligibility of any person for licensing as an agent, after the effective date of this rule

(April 11, 1985) shall include questions concerning the history, purpose, regulation and sale of variable life insurance as the director deems appropriate.

(B) Reports of Disciplinary Actions. Any person qualified in this state under this section to sell or offer to sell variable life insurance shall immediately report to the director—

1. Any suspension or revocation of this agent's license in any other state or territory of the United States;

2. The imposition of any disciplinary sanction, including suspension or expulsion from membership, suspension or revocation of or denial of registration, imposed upon him/her by any national securities exchange or national securities association or any federal, state or territorial agency with jurisdiction over securities or variable life insurance; and

3. Any judgment or injunction entered against him/her on the basis of conduct deemed to have involved fraud, deceit, misrepresentation or violation of any insurance or securities law or rule.

(C) Refusal to Qualify Agent to Sell Variable Life Insurance, Suspension, Revocation or Nonrenewal of Qualification. The director may reject any application or suspend or revoke or refuse to renew any agent's qualification under this section to sell or offer to sell variable life insurance upon any ground that would bar the applicant or agent from being licensed to sell other life insurance contracts in this state. The rules governing any proceeding relating to the suspension or revocation of an agent's license shall also govern any proceeding for suspension or revocation of an agent's qualification to sell or offer to sell variable life insurance.

(11) Separability. If any provision of this rule or the application of this rule to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of this provision to other persons or circumstances shall not be affected by it.

*AUTHORITY: sections 374.045, 376.475 and 376.670, RSMo 1986 and 376.309 Supp. 1992.\* This rule was previously filed as 4 CSR 190-13.090. Original rule filed Aug. 5, 1974, effective Aug. 15, 1974. Amended: Filed Dec. 23, 1975, effective Jan. 2, 1976. Rescinded and readopted: Filed Nov. 8, 1984, effective April 11, 1985.*

*\*Original authority: 374.045, RSMo 1967; 376.309, RSMo 1963, amended 1969, 1983, 1992; 376.670, RSMo 1943, amended 1959, 1961, 1965, 1975, 1979, 1982; and 376.675, RSMo 1963, amended 1984.*

## 20 CSR 400-1.040 Policies Providing Graded Death Benefits

*PURPOSE: This rule provides notice to insurance applicants of all restrictions and limitations placed on life insurance policies which provide merely for return of premium accidental death benefits, or both, during early policy years. This rule was adopted pursuant to the provisions of section 374.045, RSMo and to implement section 376.675, RSMo.*

(1) Scope.

(A) No life insurance policy providing graded death benefits during early policy years shall be approved by this department unless it complies with the standards set forth in this rule. No previously approved policy form of this type may be issued in this state by any insurer after December 26, 1974, unless the form complies with the standards set forth. Policies of this type—

1. Shall be offered on a guaranteed-issued basis or on liberal underwriting standards which justify grading the death benefit during early policy years;

2. Shall provide accidental death benefits in an amount not less than the face amount of the policy during the graded death benefit period. This requirement shall not apply to those policies providing at least fifty percent (50%) of the ultimate face amount as a first-year death benefit;

3. Shall provide, in the application, notice of the graded death benefit during early policy years and, if applicable, notice of the accidental death benefit provided;

4. Shall contain, in the brief description appearing on the face page and back page of the policy, a statement clearly setting forth the graded death benefit feature and, if appropriate, the accidental death benefit provided;

5. Shall contain, on the face, a prominently displayed statement reading in substance: "Read Your Policy Carefully. If You Are Not Satisfied, Return the Policy Within Thirty (30) Days of Its Receipt For a Full Premium Refund." Nothing shall prohibit a company from allowing more than thirty (30) days for return of a policy as long as the provision is in writing on the face page of the policy;

6. Shall not grade, with respect to issue ages up to and including age sixty-five (65), the death benefit in excess of three (3) years unless the policy provides at least fifty percent (50%) of the ultimate face amount as a first-year death benefit;

7. Shall not grade, with respect to issue ages sixty-six to seventy-five (66-75) inclusive, the death benefit in excess of two (2) years unless the policy provides at least fifty percent (50%) of the ultimate face amount as a first-year death benefit. The two (2)-year period can be extended to three (3) years if the death benefit during the third policy year equals or exceeds sixty-five percent (65%) of the face amount; and

8. Shall not be issued in this state at ages seventy-six (76) and above, unless the policy provides at least fifty percent (50%) of the ultimate face amount as a first-year death benefit.

(B) Any notice required by this section may be imprinted or rubber stamped clearly and legibly in the proper place on the policy, application, or both.

(C) With respect to the ages specified in paragraphs (1)(A)6.-8. of this rule, the ages may be increased by three (3) years for policies issued on female lives if the company uses a three (3)-year female age-setback in the calculation of rates and nonforfeiture values applicable to female insureds.

(D) Any previously approved policy form which fully complies with the standards outlined in this rule, need not be revised and need not be resubmitted to this department for approval.

(2) Exceptions.

(A) This rule shall not apply—

1. To life insurance policies issued in connection with an employer-sponsored insurance, pension or profit-sharing plan, including plans which cover self-employed individuals and owner-employees;

2. Where reduced benefits during yearly policy years, primarily in Jumping Juvenile or Juvenile Estate policies, are an inherent feature of the plan of insurance;

3. To term insurance policies which automatically convert to a permanent plan of insurance for an increased amount at a specified age; and

4. To policies providing a gradation of death benefits applicable only for the period prior to attained age five (5).

*AUTHORITY: sections 374.045 and 376.675, RSMo 1986.\* This rule was previously filed as 4 CSR 190-13.100. Original rule filed Sept. 18, 1974, effective Sept. 28, 1974. Amended: Filed July 13, 1976, effective Feb. 20, 1977. Amended: Filed Dec. 1, 1989, effective June 30, 1990.*

*\*Original authority: 374.045, RSMo 1967 and 376.675, RSMo 1963, amended 1984.*

**20 CSR 400-1.050 Suicide No Defense to Payment**

*PURPOSE: This rule sets out mandatory riders dealing with the nonavailability of suicide as a defense to payment of life insurance benefits in Missouri. This rule was adopted pursuant to the provisions of section 375.045, RSMo and to implement sections 375.445, 376.620 and 376.675, RSMo.*

(1) Scope of Requirement. No policy of life insurance whether group, individual or any other form, will be approved for sale to Missouri citizens unless it clearly and conspicuously includes, by approved rider, endorsement or printing, appropriate wording equivalent to that contained in section (2). No life insurance policy may be sold to a Missouri citizen unless it complies with this rule.

(2) Statement Required.

(A) Life insurance (covering essentially only the contingency of when death may occur) policies, whether group, individual or any other form, must include by attached rider or endorsement or by printing in the policy, the following statement or an equivalent statement: "Suicide is no defense to payment of life insurance benefits nor is suicide while insane a defense to payment of accidental death benefits, if any, under this policy where the policy is issued to a Missouri citizen, unless the insurer can show that the insured intended suicide when s/he applied for the policy, regardless of any language to the contrary in the policy"

(B) In those instances where a group life policy is utilized that contains no exclusion for suicide but does contain an accidental death provision or rider that excludes suicide while sane or insane, the following statement or equivalent statement must be included by rider, endorsement or printing in the policy: "Suicide while insane is no defense to payment under the accidental death provisions of this contract where the policy is issued to a Missouri citizen unless the company can show that the insured intended suicide when s/he applied for the insurance, regardless of any language to the contrary in this policy. Suicide while sane is a defense."

(3) Notice to Missouri Citizens.

(A) The following appropriate notice must be clearly imprinted by stamp or otherwise over the face of any nonconforming suicide clause contained in the body of any policy, rider or certificate: "See endorsement attached" or "See rider attached."

(B) The notice and appropriate statement must be affixed to any policy or rider issued

to a Missouri citizen, or to any certificate of group coverage where the group policy under which the certificate is issued to a Missouri citizen.

(C) The appropriate statement required by section (2) must be contained in any life insurance contract form approved for use in this state which would restrict coverage because of suicide.

(4) Applicability. This rule shall apply to all legal reserve and assessment life insurance companies. This rule does not apply to life policies issued by stipulated premium companies or fraternal benefit societies.

(5) Time for Compliance. Any previously approved rider, endorsement, reprinted policy or other contract form, in compliance with 20 CSR 400-1.050, dated March 16, 1975, is deemed to comply with 20 CSR 400-1.050.

*AUTHORITY: sections 375.045, 375.445, and 376.675, RSMo 1986.\* This rule was previously filed as 4 CSR 190-13.110. This version of rule filed Sept. 5, 1975, effective Sept. 15, 1975. Amended: Filed May 13, 1985, effective Jan. 1, 1986.*

*\*Original authority: 374.045, RSMo 1967; 375.445, RSMo 1967; 376.675, RSMo 1963, amended 1984.*

*Pickett v. Equitable Life Assur. Soc. of U.S., 27 SW2d 452 (Mo. App. 1930). Section 376.620, RSMo did not apply where contract consummated outside state.*

**20 CSR 400-1.060 Stipulated Premium Companies**

*PURPOSE: This rule establishes specific notice requirements for stipulated premium plan life insurance. This rule was adopted pursuant to the provisions of section 374.045, RSMo and to implement sections 377.199-377.460, RSMo.*

(1) All policies issued by stipulated premium companies in this state must carry the following wording on the first page: "This policy is issued in accordance with the provisions of the Stipulated Premium Law sections 377.199-377.460, RSMo."

(2) All life insurance policies issued under the Stipulated Premium Law may contain the following provision if reserve deposits are maintained with this department: "Approved securities covering the net reserve on this policy are on deposit with the Department of Insurance of the state of Missouri."

(3) The inclusion of the section (2) provision is optional with each company, except for policies issued under the provisions of section 377.270, RSMo, in which case reserve deposits shall be required and the inclusion of that provision on these policies shall be mandatory.

**AUTHORITY:** sections 374.045, 377.199–377.300 and 377.320–377.460, RSMo 1986 and 377.310, RSMo Supp. 1992.\* This rule was previously filed as 4 CSR 190-13.120. This version of rule filed July 27, 1964, effective Aug. 6, 1964. Amended: Filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Aug. 5, 1974, effective Aug. 15, 1974.

\*Original authority: 374.045, RSMo 1967; 377.199, RSMo 1959; 377.200, RSMo 1939, amended 1949, 1967; 377.210, RSMo 1939; 377.220, RSMo 1939, amended 1963; 377.230–377.300, RSMo 1939; 377.310, RSMo 1939, amended 1949, 1992; and 377.320–377.460, RSMo 1939.

## 20 CSR 400-1.070 Assessment Life and Accident Companies

**PURPOSE:** This rule requires that a mandatory statement be included in the first page of all assessment policies. It also requires that notice be given to assessment policyholders concerning the apportionment of assessed payments. This rule was adopted pursuant to the provisions of section 374.045, RSMo and to implement section 377.080, RSMo.

(1) All policies issued by assessment life and accident insurance companies in this state must carry the following wording on the first page: “This policy is issued in accordance with the provisions of the Assessment Law, sections 377.010 through 377.190, RSMo.”

(2) Consistent with the provisions of section 377.080, RSMo, each notice sent to members of an Assessment Plan Association, which is a call for payments, must state the exact percentage the assessment that is to be apportioned to the different funds. The following wording on the notice will be required: “. . .percent (or amount) of this assessment will be placed in the expense fund and. . .percent (or amount) in the benefit fund.”

(3) No Assessment Plan Association shall transfer funds collected for one (1) purpose to another fund collected for a different purpose without an action by the board of directors and then only subject to the approval of the director of insurance.

**AUTHORITY:** sections 374.045, RSMo 1986 and 377.080, RSMo Supp. 1992. This rule was previously filed as 4 CSR 190-13.130. This version of rule filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Aug. 5, 1974, effective Aug. 15, 1974.

\*Original authority: 374.045, RSMo 1967 and 377.080, RSMo 1939, amended 1992.

## 20 CSR 400-1.080 War Risk and Aviation Exclusion Clauses

**PURPOSE:** This rule requires notice of any war risk or aviation exclusions in a life insurance policy, pursuant to the provisions of section 374.045, RSMo and to implement section 376.675, RSMo.

(1) Any policy of life insurance issued in this state containing any special war risk and aviation exclusion provisions, notwithstanding any prior approval, must have printed or stamped across its face, in type size no less prominent than the type size used to provide added emphasis in other areas of the policy, all the following statements:

(A) “READ YOUR POLICY CAREFULLY”

(B) “CERTAIN (WAR, AVIATION) RISKS ARE NOT ASSUMED.” (State which or both)

(C) “IN CASE OF ANY DOUBT WRITE YOUR COMPANY FOR FURTHER EXPLANATION.”

(2) The wording of the stamp or printing must correspond with the nature of the exclusion, listing either war or aviation or both risks if contained in the policy.

**AUTHORITY:** sections 374.045 and 376.675, RSMo 1986.\* This rule was previously filed as 4 CSR 190-13.150. This version of rule filed July 27, 1964, effective Aug. 6, 1964. Amended: Filed Dec. 5, 1969, effective Dec. 15 1969. Amended: Filed Aug. 5, 1974, effective Aug. 15, 1974. Amended: Filed Jan. 25, 1991, effective Aug. 29, 1991.

\*Original authority 374.045, RSMo 1967 and 376.675, RSMo 1963, amended 1984.

## 20 CSR 400-1.090 Policy Loan Interest Rate Provisions

**PURPOSE:** This rule establishes the terms and conditions of policy loan interest rate provisions pursuant to section 376.672, RSMo.

*Editor’s Note: The secretary of state has determined that the publication of this rule in*

*its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law.*

(1) Definitions.

(A) Policy shall mean any policy, contract or certificate containing a provision for policy loans issued by a life insurance company or a fraternal benefit society in this state.

(B) Published monthly average means—

1. *The Moody’s Corporate Bond Yield Average—Monthly Average Corporates* as published by Moody’s Investors Service, Inc. or any successor to it; or

2. In the event that *The Moody’s Corporate Bond Yield Average—Monthly Average Corporates* is no longer published, a substantially similar average, established by the director.

(C) Policy loan includes any premium loan made under a policy to pay one (1) or more premiums that were not paid to the life insurer or fraternal benefit society as they fell due.

(D) Policyholder includes the owner of the policy or the person designated to pay premiums as shown on the records of the life insurer or fraternal benefit society.

(2) Maximum Rate of Interest of Policy Loans.

(A) Policies issued on or after August 13, 1982 shall provide for policy loan interest rates as follows:

1. A provision permitting a maximum interest rate of not more than eight percent (8%) per annum; or

2. A provision permitting an adjustable maximum interest rate established from time-to-time by the life insurer or fraternal benefit society as permitted by law.

(B) The rate of interest charged on a policy loan made under paragraph (2)(A)2. shall not exceed the higher of the following:

1. The Published Monthly Average for the calendar month ending two (2) months before the date on which the rate is determined; or

2. The rate used to compute the cash surrender values under the policy during the applicable period plus one percent (1%) per annum.

(C) If the maximum rate of interest is determined pursuant to paragraph (2)(A)2., the policy shall contain a provision setting forth the frequency at which the rate is to be determined for that policy.



(D) The maximum rate for each policy must be determined at regular intervals at least once every twelve (12) months, but not more frequently than once in any three (3)-month period. At the following intervals specified in the policy:

1. The rate being charged may be increased whenever the increase as determined under subsection (2)(B) would increase that rate by one-half percent (1/2%) or more per annum; and

2. The rate charged must be reduced whenever this reduction as determined under subsection (2)(B) would decrease that rate by one-half percent (1/2%) or more per annum.

(E) The life insurer or fraternal benefit society shall—

1. Notify the policyholder at the time a cash loan is made of the initial rate of interest on the loan;

2. Notify the policyholder with respect to the premium loans of the initial rate of interest on the loan as soon as it is reasonably practical to do so after making the initial loan. Notice need not be given to the policyholder when a further premium loan is added, except as provided in paragraph (2)(E)3.;

3. Send to policyholders with loans reasonable advance notice of any increase in the rate; and

4. Include in the notices required, the substance of the pertinent provisions of subsections (2)(A) and (C).

(F) No policy shall terminate in a policy year as the sole result of change in the interest rate during that policy year and the life insurer or fraternal benefit society shall maintain coverage during that policy year until the time at which it would otherwise have terminated if there had been no change during that policy year.

(G) The substance of the pertinent provisions of subsections (2)(A) and (C) shall be set forth in the policies to which they apply.

(H) The rate of interest on policy loans permitted under this section includes the interest rate charged on reinstatement of policy loans for the period during and after any lapse of a policy.

*AUTHORITY: sections 374.045, RSMo 1986 and 536.021, RSMo Supp. 1992. This rule was previously filed as 4 CSR 190-13.220. Emergency rule filed July 14, 1982, effective Aug. 13, 1982, expired Nov. 11, 1982. Original rule filed July 14, 1982, effective Nov. 15, 1982.*

\*Original authority: 374.045, RSMo 1967 and 536.021, RSMo 1975, amended 1976, 1989 and 1992.

**20 CSR 400-1.100 Universal Life**

*PURPOSE: This rule supplements existing regulations on life insurance policies in order to accommodate the development and issuance of universal life insurance plans.*

(1) Definitions.

(A) Universal life insurance policy means a life insurance policy where separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds or other supplementary accounts) and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by rider.

(B) Flexible premium universal life insurance policy means a universal life insurance policy which permits the policyholder to vary, independently of each other, the amount or timing of one (1) or more premium payments or the amount of insurance.

(C) Fixed premium universal life insurance policy means a universal life insurance policy other than a flexible premium universal life insurance policy.

(D) Interest-indexed universal life insurance policy means any universal life insurance policy where the interest credits are linked to an external referent.

(E) Net cash surrender value means the maximum amount payable to the policy owner upon surrender.

(F) Cash surrender value means the net cash surrender value plus any amounts outstanding as policy loans.

(G) Policy value means the amount to which separately identified interest credits and mortality, expense or other charges are made under a universal life insurance policy.

(H) Director means the insurance director of this state.

(2) This regulation applies to all individual universal life insurance policies except variable universal life.

(3) Valuation.

(A) Requirements. The minimum valuation standard for universal life insurance policies shall be the Commissioners Reserve Valuation Method, as described below for such policies, and the tables and interest rates specified below. The terminal reserve for the basic policy and any benefits and/or riders for which premiums are not paid separately as of any policy anniversary shall be equal to the net level premium reserves less *C* and less *D* where—

1. Reserves by the net level premium method shall be equal to  $(A-B)r$ ; where *A*, *B* and *r* are defined below;

2. *A* is the present value of all future guaranteed benefits at the date of valuation;

3. *B* is the quantity

$$\frac{PVFB}{\ddot{a}_x} \ddot{a}_{x+t}$$

where PVFB is the present value of all benefits guaranteed at issue assuming future guaranteed maturity premiums are paid by the policy owner and taking into account all guarantees contained in the policy or declared by the insurer;

4.

$$\ddot{a}_x \text{ and } \ddot{a}_{x+t}$$

are present values of an annuity of one (1) year payable on policy anniversaries beginning at ages *x* and *x+t*, respectively, and continuing until the highest attained age at which a premium may be paid under the policy. *x* is defined as the issue age and *t* is defined as the duration of the policy;

5. The guaranteed maturity premium for flexible premium universal life insurance policies shall be that level gross premium, paid at issue and periodically thereafter over the period during which premiums are allowed to be paid, which will mature the policy on the latest maturity date, if any, permitted under the policy (otherwise at the highest age in the valuation mortality table), for an amount which is in accordance with the policy structure. The guaranteed maturity premium is calculated at issue based on all policy guarantees at issue (excluding guarantees linked to an external referent). The guaranteed maturity premium for fixed premium universal life insurance policies shall be the premium defined in the policy which at issue provides the minimum policy guarantees;

6. *r* is equal to one (1), unless the policy is a flexible premium policy and the policy value is less than the guaranteed maturity fund, in which case *r* is the ratio of the policy value to the guaranteed maturity fund;

7. The guaranteed maturity fund at any duration is that amount which, together with future guaranteed maturity premiums, will mature the policy based on all policy guarantees at issue;

8. *C* is the quantity

$$((a)-(b)) \frac{\ddot{a}_{x+t}}{\ddot{a}_x} r$$

where *a-b* is as described in section 376.380.1(3)b, RSMo 1986 for the plan of

insurance defined at issue by the Guaranteed Maturity Premiums and all guarantees contained in the policy or declared by the insurer;

9.

$$\ddot{a}_{x+t} \text{ and } \ddot{a}_x$$

are defined in paragraphs (3)(A)3. and 4.;

10. *D* is the sum of any additional quantities analogous to *C* which arise because of structural changes in the policy, with each such quantity being determined on a basis consistent with that of *C* using the maturity date in effect at the time of the change;

11. The Guaranteed Maturity Premium, the Guaranteed Maturity Fund and B shall be recalculated to reflect any structural changes in the policy. This recalculation shall be done in a manner consistent with the preceding descriptions;

12. Future guaranteed benefits are determined by—1) projecting the greater of the Guaranteed Maturity Fund and the policy value, taking into account future Guaranteed Maturity Premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer and 2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value; and

13. All present values shall be determined using—1) an interest rate(s) specified in section 376.380 RSMo, for policies issued in the same year; 2) the mortality rates specified in section 376.380, RSMo for policies issued in the same year or contained in such other table as may be approved by the director for this purpose and 3) any other tables needed to value supplementary benefits provided by a rider which is being valued together with the policy.

(B) Alternative Minimum Reserves. If, in any policy year, the Guaranteed Maturity Premium on any universal life insurance policy is less than the valuation net premium for the policy, calculated by the valuation method actually used in calculating the reserve on it but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for the contract shall be the greater of—

1. The reserve calculated according to the method, the mortality table and the rate of interest actually used; or

2. The reserve calculated according to the method actually used but using the minimum valuation standards of mortality and rate of interest and replacing the valuation net premium by the Guaranteed Maturity Premium in each policy year for which the valuation

net premium exceeds the Guaranteed Maturity Premium; and

3. For universal life insurance reserves on a net level premium basis, the valuation net premium is

$$\frac{PVFB}{a_x}$$

and for reserves on a Commissioners Reserve Valuation Method the valuation net premium is

$$\frac{PVFB}{a_x} + \frac{(a)-(b)}{\ddot{a}_x}$$

(4) Nonforfeiture.

(A) Minimum cash surrender values for flexible premium universal life insurance policies shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately:

1. The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to the accumulation to that date of the premiums paid minus the accumulations to that date of—

A. The benefit charges;

B. The averaged administrative expense charges for the first policy year and any insurance-increase years,

C. Actual administrative expense charges for other years;

D. Initial and additional acquisition expense charges not exceeding the initial or additional expense allowances, respectively;

E. Any service charges actually made (excluding charges for cash surrender or election of a paid-up nonforfeiture benefit); and

F. Any deductions made for partial withdrawals; all accumulations being the actual rate(s) of interest at which interest credits have been made unconditionally to the policy (or have been made conditionally, but for which the conditions have since been met), and minus any unamortized unused initial and additional expense allowances;

2. Interest on the premiums and on all charges referred to in subparagraphs (4)(A)1.A.–F. shall be accumulated from and to the dates that are consistent with the manner in which interest is credited in determining the policy value;

3. The benefit charges shall include the charges made for mortality and any charges made for riders or supplementary benefits for which premiums are not paid separately. If benefit charges are substantially level by duration and develop low or no cash values, then the director shall have the right to

require higher cash values unless the insurer provides adequate justification that the cash values are appropriate in relation to the policy's other characteristics;

4. The administrative expenses charges shall include charges per premium payment, charges per dollar of premium paid, periodic charges per thousand dollars of insurance, periodic per policy charges and any other charges permitted by the policy to be imposed without regard to the policyholder's request for services;

5. The averaged administrative expense charges for any year shall be those which would have been imposed in that year if the charge rate(s) for each transaction or period within the year had been equal to the arithmetic average of the corresponding charge rates which the policy states will be imposed in policy years two through twenty (2–20) in determining the policy value;

6. The initial acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in the first policy year over the averaged administrative expense charges for that year. Additional acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in an insurance-increase year over the averaged administrative expense charges for that year. An insurance-increase year shall be the year beginning on the date of increase in the amount of insurance by policy owner request (or by the terms of the policy);

7. Service charges shall include charges permitted by the policy to be imposed as the result of a policy owner's request for a service by the insurer (such as the furnishing of future benefit illustrations) or of special transactions;

8. The initial expense allowance shall be the allowance provided in section 376.670.6(2)–(4) or 376.670.10b(1)(b) and (c), RSMo, as applicable for a fixed premium, fixed benefit endowment policy with a face amount equal to the initial face amount of the flexible premium universal life insurance policy, with level premiums paid annually until the highest attained age at which a premium may be paid under the flexible premium universal life insurance policy, and maturing on the latest maturity date permitted under the policy, if any, otherwise at the highest age in the valuation mortality table. The unused initial expense allowance shall be the excess, if any, of the initial expense allowance over the initial acquisition expense charges as defined;

9. If the amount of insurance is subsequently increased upon request of the policy owner (or by the terms of the policy), an

additional expense allowance and an unused additional expense allowance shall be determined on a basis consistent with paragraph (4)(A)8. and section 376.670.10b(5), RSMo, using the face amount and the latest maturity date permitted at that time under the policy; and

10. The unamortized unused initial expense allowance during the policy year beginning on the policy anniversary at age  $x+t$  (where  $x$  is the same issue age) shall be unused initial expense allowance multiplied by

$$\frac{\ddot{a}_{x+t}}{\ddot{a}_x}$$

where  $\ddot{a}_{x+t}$  and  $\ddot{a}_x$  are present values of an annuity of one (1) per year payable on policy anniversaries beginning at ages  $x+t$  and  $x$ , respectively, and continuing until the highest attained age at which a premium may be paid under the policy, both on the mortality and interest bases guaranteed in the policy. An unamortized unused additional expense allowance shall be the unused additional expense allowance multiplied by a similar ratio of annuities, with

$$a_x$$

replaced by an annuity beginning on the date as of which the additional expense allowance was determined.

(B) For fixed premium universal life insurance policies, the minimum cash surrender values shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately:

1. The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to A-B-C-D, where—

A.  $A$  is the present value of future guaranteed benefits;

B.  $B$  is the present value of future adjusted premiums. The adjusted premiums are calculated as described in section 376.670.6 and 376.670.10 or in 376.670.10b(1), RSMo, as applicable. If section 376.670.10b(1), RSMo, is applicable, the nonforfeiture net level premium is equal to the quantity

$$\frac{PVFB}{a_x}$$

where  $PVFB$  is the present value of all benefits guaranteed at issue assuming future pre-

miums are paid by the policyholder and all guarantees contained in the policy or declared by the insurer;

C.

$$\ddot{a}_x$$

is the present value of an annuity of one (1) per year payable on policy anniversaries beginning at age  $x$  and continuing until the highest attained age at which a premium may be paid under the policy;

D.  $C$  is the present value of any quantities analogous to the nonforfeiture net level premium which arise because of guarantees declared by the insurer after the issue date of the policy.

$$\ddot{a}_x$$

shall be replaced by an annuity beginning on the date as of which the declaration became effective and payable until the end of the period covered by the declaration; and

E.  $D$  is the sum of any quantities analogous to  $B$  which arise because of structural changes in the policy;

2. Future guaranteed benefits are determined by—1) projecting the policy value, taking into account future premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer and 2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value; and

3. All present values shall be determined using—1) an interest rate(s) specified by section 376.670, RSMo for policies issued in the same year and 2) the mortality rates specified by section 376.670, RSMo for policies issued in the same year or contained in another table as may be approved by the director for this purpose.

(C) Minimum Paid-Up Nonforfeiture Benefits. If a universal life insurance policy provides for the optional election of a paid-up nonforfeiture benefit, it shall be such that its present value shall be at least equal to the cash surrender value provided for by the policy on the effective date of the election. The present value shall be based on mortality and interest standards at least as favorable to the policy owner as—1) in the case of a flexible premium universal life insurance policy, the mortality and interest basis guaranteed in the policy for determining the policy value or 2) in the case of a fixed premium policy, the mortality and interest standards permitted for paid-up nonforfeiture benefits by section 376.670, RSMo. In lieu of the paid-up nonforfeiture benefit, the insurer may substitute, upon proper request no later than sixty (60)

days after the due date of the premium in default, an actuarially equivalent alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits or, if applicable, a greater amount or earlier payment of endowment benefits.

(5) Mandatory Policy Provisions.

(A) Periodic Disclosure to Policy Owner. The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep the policy owner advised as to the status of the policy. The end of the current report period must be not more than three (3) months previous to the date of the mailing of the report. Specific requirements of this report are detailed in section (6).

(B) Current Illustrations. The annual report shall provide notice that the policyholder may request an illustration of current and future benefits and values.

(C) Policy Guarantees. The policy shall provide guarantees of minimum interest credits and maximum mortality and expense charges. All values and data shown in the policy shall be based on guarantees. No figures based on nonguarantees shall be included in the policy.

(D) Calculation of Cash Surrender Values. The policy shall contain at least a general description of the calculation of cash surrender values including the following information:

1. The guaranteed maximum expense charges and loads;
2. Any limitation on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than twenty-four (24) months;
3. The guaranteed minimum rate(s) of interest;
4. The guaranteed maximum mortality charges;
5. Any other guaranteed charges; and
6. Any surrender or partial withdrawal charges.

(E) Changes in Basic Coverage. If the policy owner has the right to change the basic coverage, any limitation on the amount or timing of this change shall be stated in the policy. If the policy owner has the right to increase the basic coverage, the policy shall state whether a new period of contestability and/or suicide is applicable to the additional coverage.

(F) Grace Period and Lapse.

1. The policy shall provide for written notice to be sent to the policyowner's last known address at least thirty (30) days prior to the termination of coverage.



2. A flexible premium policy shall provide for a grace period of at least thirty (30) days (or as required by state statute) after lapse. Unless otherwise defined in the policy, lapse shall occur on that date on which the net cash surrender value first equals zero (0).

(G) Misstatement of Age or Sex. If there is a misstatement of age or sex in the policy, the amount of the death benefit shall be that which would be purchased by the most recent mortality charge at the correct age or sex. The director may approve other methods which are deemed satisfactory.

(H) Maturity Date. If a policy provides for a maturity date, end date or similar date, then the policy shall also contain a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner, if this is the case.

(6) Disclosure of information about the policy being applied for shall follow the standards in section 375.1500 to 375.1530, RSMo.

(7) Periodic Disclosure to Policy Owner.

(A) Requirements. The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep the policy owner advised of the status of the policy. The end of the current report period shall be not more than three (3) months previous to the date of the mailing of the report.

1. This report shall include the following:

A. The beginning and end of the current report period;

B. The policy value at the end of the previous report period and at the end of the current report period;

C. The total amounts which have been credited or debited to the policy value during the current report period, identifying each by type (for example, interest, mortality, expense and riders);

D. The current death benefit at the end of the current report period on each life covered by the policy;

E. The net cash surrender value of the policy as of the end of the current report period;

F. The amount of outstanding loans, if any, at the end of the current report period;

G. For fixed premium policies—If assuming guaranteed interest, mortality and expense loads and continued scheduled premium payments, the policy’s net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report; and

H. For flexible premium policies—If, assuming guaranteed interest, mortality and expense loads, the policy’s net cash surrender value will not maintain insurance in force until the end of the next reporting period, unless further premium payments are made, a notice to this effect shall be included in the report.

(8) Interest-Indexed Universal Life Insurance Policies.

(A) Initial Filing Requirements. The following information shall be submitted in connection with any filing of interest-indexed universal life insurance policies (interest-indexed policies). All this information received shall be treated confidentially to the extent permitted by law:

1. A description of how the interest credits are determined, including:

A. A description of the index;

B. The relationship between the value of the index and the actual interest rate to be credited;

C. The frequency and timing of determining the interest rate; and

D. The allocation of interest credits, if more than one (1) rate of interest applies to different portions of the policy value;

2. The insurer’s investment policy, which includes a description of the following:

A. How the insurer addressed the reinvestment risks;

B. How the insurer plans to address the risk of capital loss on cash outflows;

C. How the insurer plans to address the risk that appropriate investments may not be available or not available in sufficient quantities;

D. How the insurer plans to address the risk that the indexed interest rate may fall below the minimum contractual interest rate guaranteed in the policy;

E. The amount and type of assets currently held for interest-indexed policies; and

F. The amount and type of assets expected to be acquired in the future;

3. If policies are linked to an index for a specified period less than to the maturity date of the policy, a description of the method used (or currently contemplated) to determine interest credits upon the expiration of this period;

4. A description of any interest guaranteed in addition to or in lieu of the index; and

5. A description of any maximum premium limitations and the conditions under which they apply.

(B) Additional Filing Requirements.

1. Annually, every insurer shall submit a Statement of Actuarial Opinion by the insurer’s actuary similar to the example contained in subsection (8)(C).

2. Annually, every insurer shall submit a description of the amount and type of assets currently held by the insurer with respect to its interest-indexed policies.

3. Prior to implementations, every domestic insurer shall submit a description of any material change in the insurer’s investment strategy or method of determining the interest credits. A change is considered to be material if it would affect the form or definition of the index (that is, any change in the information supplied in paragraphs (8)(A)1. and 2. of this rule) or if it would significantly change the amount or type of assets held for interest-indexed policies.

(C) Statement of Actuarial Opinion for Investment-Indexed Universal Life Insurance Policies.

I \_\_\_\_\_,  
(Name)

am \_\_\_\_\_  
(Position or Relationship to Insurer)

for the XYZ Life Insurance Company  
(The Insurer) in the state of \_\_\_\_\_.

(State of Domicile of Insurer)

I am a member of the American Academy of Actuaries (or if not, state other qualifications to sign annual statement actuarial opinions).

I have examined the interest-indexed universal life insurance policies of the Insurer in force as of December 31, 20XX, encompassing \_\_\_\_\_ number of policies and \$ \_\_\_\_\_ of insurance in force.

I have considered the provisions of the policies. I have considered any reinsurance agreements pertaining to such policies, the characteristics of the identified assets and the investment policy adopted by the Insurer as they affect future insurance and investment cash flows under such policies and related assets. My examination included such tests and calculations as I considered necessary to form an opinion concerning the insurance and investment cash flows arising from the policies and related assets.

I relied on the investment policy of the Insurer and on projected investment cash flows as provided by \_\_\_\_\_.

(Chief Investment Officer  
of the Insurer)

Tests were conducted under various assumptions as to future interest rates, and particular attention was given to those provisions and characteristics that might cause future insurance and investment cash flows to vary with

changes in the level of prevailing interest rates.

In my opinion, the anticipated insurance and investment cash flows referred to make good and sufficient provision for the contractual obligations of the Insurer under these insurance policies.

(Signature of Actuary)

*AUTHORITY: section 374.045, RSMo 2000.\* This rule was previously filed as 4 CSR 190-13.240. Original rule filed Oct. 15, 1984, effective April 11, 1985. Amended: Filed Feb. 21, 2001, effective Sept. 30, 2001.*

*\*Original authority: 374.045, RSMo 1967, amended 1993, 1995.*

**20 CSR 400-1.110 Alternative Mortality Tables for Minimum Nonforfeiture Standards**

*PURPOSE: This rule permits individual life insurance policies to provide the same cash surrender values and paid-up nonforfeiture benefits to both men and women. No change in minimum valuation standards is implied by this rule.*

*Editor's Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law.*

(1) Definitions.

(A) 1980 Commissioners Standard Ordinary Mortality Table (SO), with or without Ten (10)-Year Select Mortality Factors means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 National Association of Insurance Commissioners (NAIC) Amendments to the Model Standard Valuation Law and Standard Non-forfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten (10)-Year Select Mortality Factors.

(B) 1980 SO Table (M), with or without Ten (10)-Year Select Mortality Factors means

the mortality table consisting of the rates of mortality for male lives from the 1980 SO Table, with or without Ten (10)-Year Select Mortality Factors.

(C) 1980 Commissioners Expended Term Table (CET) means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Extended Term Insurance Table.

(D) 1980 CET Table (M) means that mortality table consisting of the rates of mortality for male lives from the 1980 CET Table.

(E) 1980 CET Table (F), as used in this rule, means that mortality table consisting of the rates of mortality for female lives from the 1980 CET Table.

(2) For any policy of insurance on the life of either male or female insured, delivered or issued for delivery in this state on or after January 1, 1989 which is the operative date of section 376.670, RSMo—

(A) A mortality table which is a blend of the 1980 SO Table (M) and the SO Table (F), with or without Ten (10)-Year Select Mortality Factors, at the option of the company may be substituted for the 1980 SO Table, with or without Ten (10)-Year Select Mortality Factors;

(B) A mortality table which is of the same blend as used in subsection (2)(A) but applied to form a blend of the 1980 CET Table (M) for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits; and

(C) Acceptable tables are the 1980 CSO (A)-(G) and 1980 CET (A)-(G) Tables. These tables are located in NAIC Proceedings 1984, Volume I, pages 396-400 and follow this rule.

(3) Unfair Discrimination. It shall not be a violation of section 375.930, RSMo that is to say, for an insurer to issue the same kind of policy of life insurance on both a sex distinct and sex neutral basis.

(4) Separability. If any provision of this rule or the application of this rule to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of that provision to other persons or circumstances shall not be affected by it.

*AUTHORITY: sections 374.045 and 376.380, RSMo 1986.\* This rule was previously filed as 4 CSR 190-13.250. Original rule filed Oct. 15, 1984, effective April 11, 1985. Amended: Filed Aug. 15, 1988, effective Nov. 25, 1988.*

*\*Original authority: 374.045, RSMo 1967 and 376.380, RSMo 1939, amended 1943, 1947, 1959, 1961, 1965, 1971, 1975, 1979, 1982.*

**20 CSR 400-1.120 Smoker/Nonsmoker Mortality Tables for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits**

*PURPOSE: This rule permits the use of mortality tables that reflect differences in mortality between smokers and nonsmokers in determining minimum reserve liabilities and minimum cash values and amounts of paid-up nonforfeiture benefits for plans of insurance with separate premium rates for smokers and nonsmokers.*

(1) Definitions.

(A) As used in this rule, 1980 CSO (Commissioners Standard Ordinary) Table, with or without Ten (10)-Year Select Mortality Factor means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 National Association of Insurance Commissioners (NAIC) Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten (10)-Year Select Mortality Factors. The same select factors will be used for both smokers' and nonsmokers' tables.

(B) As used in this rule, 1980 CET (Commissioners Extended Term) Table means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Nonforfeiture Law for Life Insurance and referred to in those models as the Commissioners 1980 Extended Term Insurance Table.

(C) As used in this rule, the phrase smoker and nonsmoker mortality tables refers to the mortality tables with separate rates of mortality for smokers and nonsmokers

derived from the tables defined in subsections (1)(A)–(D) of this rule which were developed by the Society of Actuaries Task Force on Smoker/Nonsmoker Mortality and the California Insurance Department staff and recommended by the NAIC Technical Staff Actuarial Group.

(D) As used in the rule, the phrase composite mortality tables refers to the mortality tables defined in subsections (1)(A)–(D) of this rule and in 20 CSR 400-1.110 as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

(2) Alternate Tables.

(A) At the option of the company and subject to the conditions stated in section (3) of this rule, the 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten (10)-Year Select Mortality Factors, may be substituted for the 1980 CSO Table, with or without Ten (10)-Year Select Mortality Factors, and the 1980 CET Smoker and Nonsmoker Mortality Table for use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits for any policy of insurance delivered or issued for delivery in this state on or after January 1, 1989, the operative date of section 376.670.10b., RSMo (1986).

1. Provided that for any category of insurance issued on female lives with minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits surrender values and amounts of paid-up nonforfeiture benefits determined using the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables, these minimum values may be calculated according to an age not more than six (6) years younger than the actual age of the insured.

2. Provided further that the substitution of the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables is available only if made for each policy of insurance on a policy form delivered or issued for delivery on or after the operative date for that policy form and before a date not later than January 1, 1989.

(B) For any policy of insurance delivered or issued for delivery in this state after the operative date of section 376.670.10b., RSMo (1986) for that policy form, at the option of the company and subject to the conditions stated in section (3) of this rule, the 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten (10)-Year Select Mortality Factors, may be substituted for the 1980 CSO Table, with or without Ten (10)-

Year Select Mortality Factors, and the 1980 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table for use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

(3) Conditions. For each plan of insurance with separate rates for smokers and nonsmokers, an insurer may—

(A) Use composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

(B) Use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by section 376.380, RSMo and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or

(C) Use smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

(4) Separability. If any provision of this rule or the application this rule to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of that provision to other persons or circumstances shall not be affected by it.

*AUTHORITY: sections 374.045 and 376.380, RSMo 1986. \* This rule was previously filed as 4 CSR 190-13.260. Original rule filed April 2, 1986, effective Aug. 25, 1986. Amended: Filed Aug. 15, 1988, effective Nov. 25, 1988.*

*\*Original authority 374.045, RSMo 1967, and 376.380, RSMo 1939, amended 1943, 1947, 1959, 1961, 1965, 1971, 1975, 1979, 1982.*



TABLE 1

**1958 CSO MALE AND SMOKER AND NONSMOKER MORTALITY RATES**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	1.46	1.74	45	3.46	6.67	75	68.58	89.23
16	1.53	1.85	46	3.76	7.32	76	74.50	95.68
17	1.60	1.96	47	4.08	8.02	77	81.15	102.84
18	1.64	2.03	48	4.45	8.82	78	88.62	110.80
19	1.65	2.05	49	4.86	9.71	79	96.85	119.44
20	1.64	2.05	50	5.31	10.68	80	105.75	128.60
21	1.62	2.04	51	5.83	11.75	81	115.27	138.20
22	1.63	2.07	52	6.40	12.88	82	125.28	148.05
23	1.63	2.08	53	7.07	14.16	83	135.72	158.05
24	1.64	2.11	54	7.84	15.54	84	146.62	168.22
25	1.64	2.12	55	8.72	17.03	85	158.06	178.62
26	1.65	2.15	56	9.74	18.65	86	170.08	189.26
27	1.66	2.18	57	10.91	20.44	87	182.76	200.21
28	1.67	2.23	58	12.26	22.35	88	196.27	211.61
29	1.69	2.29	59	13.74	24.42	89	210.88	223.70
30	1.71	2.37	60	15.38	26.72	90	226.99	236.85
31	1.73	2.45	61	17.16	29.21	91	244.63	253.34
32	1.75	2.52	62	19.14	31.88	92	265.20	272.12
33	1.79	2.63	63	21.29	34.83	93	286.78	293.80
34	1.83	2.73	64	23.68	38.00	94	316.38	319.13
35	1.88	2.86	65	26.34	41.44	95	351.24	351.24
36	1.95	3.03	66	29.32	45.19	96	400.56	400.56
37	2.04	3.25	67	32.61	49.20	97	488.42	488.42
38	2.15	3.52	68	36.28	53.55	98	668.15	668.15
39	2.28	3.83	69	40.17	58.31	99	1000.00	1000.00
40	2.43	4.19	70	44.34	63.27			
41	2.60	4.62	71	48.74	68.33			
42	2.76	5.04	72	53.32	73.41			
43	2.99	5.55	73	58.07	78.50			
44	3.21	6.09	74	63.11	83.71			

TABLE 2

**1958 CET MALE ANB SMOKER AND NONSMOKER MORTALITY RATES**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	2.21	2.49	45	4.50	8.67	75	89.15	116.00
16	2.28	2.60	46	4.89	9.52	76	96.85	124.38
17	2.35	2.71	47	5.30	10.43	77	105.50	133.69
18	2.39	2.78	48	5.79	11.47	78	115.21	144.04
19	2.40	2.80	49	6.32	12.62	79	125.91	155.27
20	2.39	2.80	50	6.90	13.88	80	137.48	167.18
21	2.37	2.79	51	7.58	15.28	81	149.85	179.66
22	2.38	2.82	52	8.32	16.74	82	162.86	192.47
23	2.38	2.83	53	9.19	18.41	83	176.44	205.47
24	2.39	2.86	54	10.19	20.20	84	190.61	218.69
25	2.39	2.87	55	11.34	22.14	85	205.48	232.21
26	2.40	2.90	56	12.66	24.25	86	221.10	246.04
27	2.41	2.93	57	14.18	26.57	87	237.59	260.27
28	2.42	2.98	58	15.94	29.06	88	255.15	275.09
29	2.44	3.04	59	17.86	31.75	89	274.14	290.81
30	2.46	3.12	60	19.99	34.74	90	295.09	307.91
31	2.48	3.20	61	22.31	37.97	91	318.28	329.34
32	2.50	3.28	62	24.88	41.44	92	344.76	353.76
33	2.54	3.42	63	27.68	45.28	93	375.41	381.94
34	2.58	3.55	64	30.78	49.40	94	411.29	414.87
35	2.63	3.72	65	34.24	53.87	95	456.61	456.61
36	2.70	3.94	66	38.12	58.75	96	520.73	520.73
37	2.79	4.23	67	42.39	63.96	97	634.95	634.95
38	2.90	4.58	68	47.16	69.62	98	868.60	868.60
39	3.03	4.98	69	52.22	75.80	99	1000.00	1000.00
40	3.18	5.45	70	57.64	82.25			
41	3.38	6.01	71	63.36	88.83			
42	3.61	6.55	72	69.32	95.93			
43	3.89	7.22	73	75.49	102.05			
44	4.17	7.92	74	82.04	108.82			





TABLE 3

**1958 CSO MALE ALB SMOKER AND NONSMOKER MORTALITY RATES**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	1.49	1.79	45	3.61	6.99	75	71.43	92.30
16	1.56	1.90	46	3.92	7.67	76	77.70	99.08
17	1.62	1.99	47	4.26	8.42	77	84.73	106.60
18	1.64	2.04	48	4.65	9.26	78	92.54	114.87
19	1.65	2.05	49	5.08	10.19	79	101.07	123.73
20	1.63	2.05	50	5.57	11.21	80	110.24	133.07
21	1.62	2.05	51	6.11	12.31	81	119.97	142.76
22	1.63	2.07	52	6.73	13.52	82	130.15	152.65
23	1.63	2.09	53	7.45	14.85	83	140.77	162.70
24	1.64	2.11	54	8.28	16.28	84	151.89	172.94
25	1.64	2.13	55	9.23	17.83	85	163.55	183.42
26	1.65	2.16	56	10.32	19.54	86	175.83	194.16
27	1.66	2.20	57	11.58	21.39	87	188.84	205.28
28	1.68	2.26	58	13.00	23.37	88	202.78	216.94
29	1.70	2.33	59	14.55	25.56	89	217.99	229.45
30	1.72	2.41	60	16.26	27.95	90	234.77	243.99
31	1.74	2.48	61	18.14	30.53	91	253.59	261.37
32	1.77	2.57	62	20.20	33.33	92	275.19	281.25
33	1.81	2.68	63	22.47	36.39	93	300.25	304.28
34	1.85	2.79	64	24.99	39.69	94	330.53	332.14
35	1.91	2.94	65	27.81	43.28	95	370.65	370.65
36	1.99	3.14	66	30.94	47.15	96	433.49	433.49
37	2.09	3.38	67	34.41	51.32	97	549.25	549.25
38	2.21	3.67	68	38.19	55.86	98	750.84	750.84
39	2.35	4.01	69	42.21	60.72	99	1000.00	1000.00
40	2.51	4.40	70	46.49	65.72			
41	2.69	4.83	71	50.97	70.78			
42	2.88	5.29	72	55.63	75.86			
43	3.10	5.82	73	60.51	81.00			
44	3.33	6.38	74	65.76	6.35			

TABLE 4

**1958 CET MALE ALB SMOKER AND NONSMOKER MORTALITY RATES**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	2.24	2.54	45	4.69	9.09	75	92.82	119.93
16	2.31	2.65	46	5.09	9.97	76	100.95	128.73
17	2.37	2.74	47	5.54	10.95	77	110.08	138.49
18	2.39	2.79	48	6.05	12.04	78	120.23	149.22
19	2.40	2.80	49	6.61	13.25	79	131.31	160.72
20	2.38	2.80	50	7.24	14.58	80	143.21	172.85
21	2.37	2.80	51	7.95	16.00	81	155.83	185.43
22	2.38	2.82	52	8.75	17.57	82	169.05	198.28
23	2.38	2.84	53	9.69	19.30	83	182.84	211.32
24	2.39	2.86	54	10.76	21.16	84	197.26	224.62
25	2.39	2.88	55	12.00	23.18	85	212.40	238.22
26	2.40	2.91	56	13.42	25.40	86	228.32	252.16
27	2.41	2.95	57	15.05	27.80	87	245.19	266.57
28	2.43	3.01	58	16.89	30.39	88	263.26	281.70
29	2.45	3.08	59	18.92	33.22	89	282.95	297.91
30	2.47	3.16	60	21.14	36.33	90	304.68	316.68
31	2.49	3.24	61	23.58	39.67	91	329.01	339.14
32	2.52	3.35	62	26.26	43.32	92	356.89	364.82
33	2.56	3.48	63	29.21	47.29	93	389.20	394.52
34	2.60	3.63	64	32.48	51.58	94	428.08	430.28
35	2.66	3.83	65	36.15	56.24	95	479.19	479.19
36	2.74	4.08	66	40.21	1.28	96	557.74	557.74
37	2.84	4.40	67	44.72	66.70	97	697.43	697.43
38	2.96	4.78	68	49.63	72.60	98	883.86	883.86
39	3.10	5.21	69	54.86	78.90	99	1000.00	1000.00
40	3.28	5.73	70	60.42	85.40			
41	3.49	6.28	71	66.24	91.98			
42	3.75	6.88	72	72.29	98.57			
43	4.03	7.57	73	78.64	105.25			
44	4.33	8.29	74	85.44	112.20			



TABLE 1

**1980 CSO FEMALE SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE NEAREST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	0.84	0.94	45	2.99	4.61	75	37.32	46.64
16	0.88	0.99	46	3.19	4.95	76	42.04	51.92
17	0.92	1.04	47	3.41	5.31	77	47.11	57.46
18	0.95	1.09	48	3.65	5.68	78	52.53	63.28
19	0.98	1.13	49	3.90	6.08	79	58.45	69.41
20	1.01	1.16	50	4.19	6.54	80	65.12	76.26
21	1.02	1.18	51	4.50	7.00	81	72.76	84.00
22	1.04	1.21	52	4.85	7.52	82	81.59	92.84
23	1.05	1.23	53	5.26	8.13	83	91.76	102.87
24	1.08	1.27	54	5.68	8.75	84	103.03	114.65
25	1.09	1.29	55	6.13	9.40	85	115.38	126.42
26	1.12	1.34	56	6.59	10.05	86	128.58	139.79
27	1.14	1.38	57	7.05	10.67	87	142.71	152.67
28	1.17	1.42	58	7.49	11.25	88	157.61	167.23
29	1.20	1.48	59	7.96	11.85	89	173.51	181.07
30	1.24	1.55	60	8.51	12.51	90	190.39	197.01
31	1.27	1.61	61	9.16	13.36	91	208.58	214.00
32	1.31	1.68	62	9.98	14.39	92	228.60	232.54
33	1.35	1.75	63	11.01	15.78	93	251.40	253.55
34	1.42	1.86	64	12.23	17.33	94	279.31	279.31
35	1.47	1.94	65	13.55	19.07	95	317.32	317.32
36	1.56	2.09	66	14.97	20.79	96	375.74	375.74
37	1.67	2.28	67	16.41	22.58	97	474.97	474.97
38	1.79	2.49	68	17.86	24.20	98	655.85	655.85
39	1.93	2.73	69	19.41	26.02	99	1000.00	1000.00
40	2.08	3.00	70	21.20	27.95			
41	2.26	3.33	71	23.34	30.45			
42	2.44	3.64	72	25.99	33.55			
43	2.62	3.96	73	29.22	37.33			
44	2.80	4.28	74	33.02	41.74			

TABLE 2

**1980 CSO FEMALE ANBY SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE NEAREST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	1.29	1.65	45	3.32	6.27	75	58.80	83.77
16	1.43	1.87	46	3.59	6.83	76	65.06	91.10
17	1.54	2.05	47	3.88	7.44	77	71.64	98.52
18	1.60	2.16	48	4.19	8.08	78	78.47	105.91
19	1.66	2.26	49	4.54	8.80	79	85.72	113.49
20	1.68	2.31	50	4.91	9.56	80	93.67	121.59
21	1.67	2.33	51	5.35	10.44	81	102.52	130.41
22	1.64	2.30	52	5.86	11.42	82	112.52	140.20
23	1.61	2.26	53	6.43	12.54	83	123.79	151.03
24	1.57	2.21	54	7.09	13.80	84	136.11	162.49
25	1.52	2.14	55	7.82	15.14	85	149.20	174.20
26	1.48	2.08	56	8.63	16.59	86	162.80	185.78
27	1.46	2.06	57	9.49	18.09	87	176.79	197.06
28	1.44	2.04	58	10.42	19.69	88	190.89	209.37
29	1.44	2.06	59	11.47	21.35	89	205.29	221.52
30	1.44	2.10	60	12.64	23.19	90	220.19	233.69
31	1.47	2.17	61	13.94	25.26	91	235.84	246.12
32	1.50	2.24	62	15.42	27.59	92	252.75	259.33
33	1.55	2.35	63	17.11	30.23	93	271.63	276.30
34	1.61	2.48	64	19.02	33.14	94	295.65	298.15
35	1.69	2.63	65	21.13	36.29	95	329.96	329.96
36	1.77	2.81	66	23.40	39.57	96	384.55	384.55
37	1.88	3.04	67	25.86	43.01	97	480.20	480.20
38	2.00	3.30	68	28.50	46.55	98	657.98	657.98
39	2.14	3.60	69	31.38	50.32	99	1000.00	1000.00
40	2.29	3.94	70	34.63	54.48			
41	2.47	4.34	71	38.91	59.09			
42	2.65	4.75	72	42.56	64.33			
43	2.86	5.22	73	47.44	70.23			
44	3.07	5.71	74	52.92	76.66			



TABLE 3

**1980 CET FEMALE SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE NEAREST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	1.59	1.69	45	3.89	5.99	75	48.52	60.63
16	1.63	1.74	46	4.15	6.44	76	54.65	67.50
17	1.67	1.79	47	4.43	6.90	77	61.24	74.70
18	1.70	1.84	48	4.75	7.38	78	68.29	82.20
19	1.73	1.88	49	5.07	7.90	79	75.99	90.23
20	1.76	1.91	50	5.45	8.50	80	84.66	99.14
21	1.77	1.93	51	5.85	9.10	81	94.59	109.20
22	1.79	1.96	52	6.31	9.78	82	106.07	120.69
23	1.80	1.98	53	6.84	10.57	83	119.29	133.73
24	1.83	2.02	54	7.38	11.38	84	133.94	149.05
25	1.84	2.04	55	7.97	12.22	85	163.55	164.35
26	1.87	2.09	56	8.57	13.07	86	167.15	181.73
27	1.89	2.13	57	9.17	13.87	87	185.52	198.47
28	1.92	2.17	58	9.74	14.63	88	204.89	217.40
29	1.95	2.23	59	10.35	15.41	89	225.56	235.39
30	1.99	2.30	60	11.06	16.26	90	247.51	256.11
31	2.02	2.36	61	11.91	17.37	91	271.15	278.20
32	2.06	2.43	62	12.97	18.71	92	297.18	302.80
33	2.10	2.50	63	14.31	20.51	93	326.82	329.62
34	2.17	2.61	64	15.90	22.53	94	363.10	363.10
35	2.22	2.69	65	17.62	24.79	95	412.52	412.52
36	2.31	2.84	66	19.46	27.03	96	488.46	488.46
37	2.42	3.03	67	21.33	29.35	97	617.46	617.46
38	2.54	3.24	68	23.22	31.46	98	852.61	852.61
39	2.68	3.55	69	25.23	33.83	99	1000.00	1000.00
40	2.83	3.90	70	27.56	36.34			
41	3.01	4.33	71	30.34	39.59			
42	3.19	4.73	72	33.79	43.62			
43	3.41	5.15	73	37.99	48.53			
44	3.64	5.56	74	42.93	54.26			

TABLE 4

**1980 CET MALE SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE NEAREST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	2.04	2.40	45	4.32	8.15	75	76.44	108.90
16	2.18	2.62	46	4.67	8.88	76	84.58	118.43
17	2.29	2.80	47	5.04	9.67	77	93.13	128.08
18	2.35	2.91	48	5.45	10.50	78	102.01	137.68
19	2.41	3.01	49	5.90	11.44	79	111.44	147.54
20	2.43	3.06	50	6.38	12.43	80	121.77	158.07
21	2.42	3.08	51	6.96	13.57	81	133.28	169.53
22	2.39	3.05	52	7.62	14.85	82	146.28	182.26
23	2.36	3.01	53	8.36	16.30	83	160.93	196.34
24	2.32	2.96	54	9.22	17.94	84	176.94	211.24
25	2.27	2.89	55	10.17	19.68	85	193.96	226.46
26	2.23	2.83	56	11.22	21.57	86	211.64	241.51
27	2.21	2.81	57	12.34	23.52	87	229.83	256.18
28	2.19	2.79	58	13.55	25.60	88	248.16	272.18
29	2.19	2.81	59	14.91	27.76	89	266.88	287.98
30	2.19	2.85	60	16.43	30.15	90	286.25	303.80
31	2.22	2.92	61	18.12	32.84	91	306.59	319.96
32	2.25	2.99	62	20.05	35.87	92	328.58	337.13
33	2.30	3.10	63	22.24	39.30	93	353.12	359.19
34	2.36	3.23	64	24.73	43.08	94	384.35	387.60
35	2.44	3.42	65	27.47	47.18	95	428.95	428.95
36	2.52	3.65	66	30.42	51.44	96	499.92	499.92
37	2.63	3.95	67	33.62	55.91	97	624.26	624.26
38	2.75	4.29	68	37.05	60.52	98	855.37	855.37
39	2.89	4.68	69	40.79	65.42	99	1000.00	1000.00
40	3.04	5.12	70	45.02	70.82			
41	3.22	5.64	71	49.80	76.82			
42	3.45	6.18	72	55.33	83.63			
43	3.72	6.79	73	61.67	91.30			
44	3.99	7.42	74	68.80	99.66			

TABLE 5

**1980 CSO FEMALE SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE LAST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	0.86	0.96	45	3.09	4.78	75	39.64	49.22
16	0.90	1.01	46	3.30	5.13	76	44.52	54.62
17	0.93	1.06	47	3.53	5.49	77	49.75	60.26
18	0.96	1.11	48	3.77	5.88	78	55.41	66.22
19	0.99	1.14	49	4.04	6.31	79	61.68	72.71
20	1.01	1.17	50	4.34	6.77	80	68.81	79.98
21	1.03	1.19	51	4.67	7.26	81	77.01	88.23
22	1.04	1.22	52	5.05	7.82	82	86.46	97.61
23	1.06	1.25	53	5.47	8.44	83	97.12	108.44
24	1.08	1.28	54	5.90	9.07	84	108.87	120.18
25	1.10	1.31	55	6.36	9.72	85	121.58	132.65
26	1.13	1.36	56	6.82	10.36	86	135.16	145.75
27	1.15	1.40	57	7.27	10.96	87	149.59	159.35
28	1.18	1.45	58	7.72	11.55	88	164.88	173.52
29	1.22	1.51	59	8.23	12.18	89	181.15	188.25
30	1.25	1.58	60	8.83	12.93	90	198.53	204.58
31	1.29	1.64	61	9.57	13.87	91	217.42	222.16
32	1.33	1.71	62	10.49	15.08	92	238.53	241.66
33	1.38	1.80	63	11.62	16.55	93	263.35	264.56
34	1.44	1.90	64	12.89	18.19	94	295.23	295.23
35	1.51	2.01	65	14.26	19.92	95	341.02	341.02
36	1.61	2.18	66	15.68	21.68	96	413.88	413.88
37	1.73	2.38	67	17.13	23.38	97	537.24	537.24
38	1.86	2.61	68	18.63	25.10	98	743.96	743.96
39	2.00	2.86	69	20.30	26.97	99	1000.00	1000.00
40	2.17	3.16	70	22.26	29.18			
41	2.35	3.48	71	24.65	31.98			
42	2.53	3.80	72	27.58	35.41			
43	2.71	4.12	73	31.09	39.49			
44	2.89	4.44	74	35.13	44.14			

TABLE 6

**1980 CSO MALE SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE LAST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	1.36	1.76	45	3.45	6.55	75	61.84	87.27
16	1.48	1.96	46	3.73	7.13	76	68.24	94.63
17	1.57	2.10	47	4.03	7.76	77	74.93	102.02
18	1.63	2.21	48	4.36	8.44	78	81.95	109.49
19	1.67	2.28	49	4.72	9.18	79	89.52	117.30
20	1.68	2.32	50	5.13	10.00	80	97.88	125.71
21	1.66	2.32	51	5.60	10.93	81	107.25	134.96
22	1.63	2.28	52	6.14	11.98	82	117.82	145.21
23	1.59	2.24	53	6.76	13.17	83	129.54	156.29
24	1.55	2.18	54	7.45	14.47	84	142.18	167.83
25	1.50	2.11	55	8.22	15.86	85	155.45	179.44
26	1.47	2.07	56	9.06	17.33	86	169.18	190.84
27	1.45	2.05	57	9.95	18.88	87	183.16	202.54
28	1.44	2.05	58	10.94	20.51	88	197.33	214.73
29	1.44	2.08	59	12.05	22.26	89	211.89	226.85
30	1.45	2.13	60	13.29	24.21	90	227.05	239.08
31	1.48	2.20	61	14.67	26.41	91	243.16	251.80
32	1.52	2.29	62	16.26	28.89	92	260.82	266.55
33	1.58	2.41	63	18.06	31.66	93	281.75	285.47
34	1.65	2.55	64	20.06	34.69	94	309.83	311.27
35	1.73	2.72	65	22.25	37.90	95	351.86	351.86
36	1.82	2.92	66	24.62	41.26	96	420.99	420.99
37	1.94	3.17	67	27.16	44.74	97	541.00	541.00
38	2.07	3.45	68	29.92	48.39	98	745.14	745.15
39	2.21	3.77	69	32.98	52.35	99	1000.00	1000.00
40	2.38	4.14	70	36.44	56.72			
41	2.56	4.54	71	40.39	61.63			
42	2.75	4.98	72	44.95	67.18			
43	2.96	5.46	73	50.11	73.33			
44	3.19	5.99	74	55.78	80.07			





TABLE 7

**1980 CET FEMALE SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE NEAREST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	1.61	1.71	45	4.02	6.21	75	51.53	63.99
16	1.65	1.76	46	4.29	6.67	76	57.88	71.01
17	1.68	1.81	47	4.59	7.14	77	64.68	78.34
18	1.71	1.86	48	4.90	7.64	78	72.03	86.09
19	1.74	1.89	49	5.25	8.20	79	80.18	94.52
20	1.76	1.92	50	5.64	8.80	80	89.45	103.97
21	1.78	1.94	51	6.07	9.44	81	100.11	114.70
22	1.79	1.97	52	6.57	10.17	82	112.40	126.89
23	1.81	2.00	53	7.11	10.97	83	126.26	140.97
24	1.83	2.03	54	7.67	11.79	84	141.53	156.23
25	1.85	2.06	55	8.27	12.64	85	158.05	172.45
26	1.88	2.11	56	8.87	13.47	86	175.71	189.48
27	1.90	2.15	57	9.45	14.25	87	194.47	207.16
28	1.93	2.20	58	10.04	15.02	88	214.34	225.58
29	1.97	2.26	59	10.70	15.83	89	235.50	244.73
30	2.00	2.33	60	11.48	16.81	90	258.09	265.95
31	2.04	2.39	61	12.44	18.03	91	282.65	288.81
32	2.08	2.46	62	13.64	19.60	92	310.09	314.16
33	2.13	2.55	63	15.11	21.52	93	342.36	343.93
34	2.19	2.65	64	16.76	23.65	94	383.80	383.80
35	2.26	2.76	65	18.54	25.90	95	443.33	443.33
36	2.36	2.93	66	20.38	28.18	96	538.04	538.04
37	2.48	3.13	67	22.27	30.39	97	698.41	698.41
38	2.61	3.39	68	24.22	32.63	98	967.15	967.15
39	2.75	3.72	69	26.39	35.06	99	1000.00	1000.00
40	2.92	4.11	70	28.94	37.93			
41	3.10	4.52	71	32.05	41.57			
42	3.29	4.94	72	35.85	46.03			
43	3.52	5.36	73	40.42	51.34			
44	3.76	6.77	74	45.67	57.38			

TABLE 8

**1980 CET MALE ANBV SMOKER AND NONSMOKER MORTALITY RATES**  
**AGE LAST BIRTHDAY**

<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>	<u>Age</u>	<u>Non-Smoker</u>	<u>Smoker</u>
15	2.11	2.51	45	4.49	8.52	75	80.39	113.45
16	2.23	2.71	46	4.85	9.27	76	88.71	123.02
17	2.32	2.85	47	5.24	10.09	77	97.41	132.63
18	2.38	2.96	48	5.67	10.97	78	106.54	142.34
19	2.42	3.03	49	6.14	11.93	79	116.38	152.49
20	2.43	3.07	50	6.67	13.00	80	127.24	163.42
21	2.41	3.07	51	7.28	14.21	81	139.43	175.45
22	2.38	3.03	52	7.98	15.57	82	153.17	188.77
23	2.34	2.99	53	8.79	17.12	83	168.40	203.18
24	2.30	2.93	54	9.69	18.81	84	184.83	218.18
25	2.25	2.86	55	10.69	20.62	85	202.09	233.27
26	2.22	2.82	56	11.78	22.53	86	219.93	248.09
27	2.20	2.80	57	12.94	24.54	87	238.11	263.30
28	2.19	2.80	58	14.22	26.66	88	256.53	279.15
29	2.19	2.83	59	15.67	28.94	89	275.46	294.91
30	2.20	2.88	60	17.28	31.47	90	295.17	310.80
31	2.23	2.95	61	19.07	34.33	91	316.11	327.34
32	2.27	3.04	62	21.14	37.56	92	339.07	346.52
33	2.33	3.16	63	23.48	41.16	93	366.28	371.11
34	2.40	3.32	64	26.08	45.10	94	402.78	404.65
35	2.48	3.54	65	28.93	49.27	95	457.42	457.42
36	2.57	3.80	66	32.01	53.64	96	547.29	547.29
37	2.69	4.12	67	35.31	58.16	97	703.30	703.30
38	2.82	4.49	68	38.90	62.91	98	968.70	968.70
39	2.96	4.90	69	42.87	68.06	99	1000.00	1000.00
40	3.13	5.38	70	47.37	73.74			
41	3.33	5.90	71	52.51	80.12			
42	3.58	6.47	72	58.44	87.33			
43	3.85	7.10	73	65.14	95.33			
44	4.15	7.79	74	72.51	104.09			

**20 CSR 400-1.130 Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities**

*PURPOSE: This rule recognizes new mortality tables, 1983 Table A and 1983 Group Annuity Mortality Table, for use in determining the minimum standard of valuation for annuity and pure endowment contracts.*

(1) Definitions.

(A) As used in this rule, 1983 Table A means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

(B) As used in this rule 1983 Group Annuity Mortality (GAM) Table means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

(C) As used in this rule 1994 Group Annuity Reserving (GAR) Table means that mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force. The 1994 GAR Table is included in the report on pages 865-919 of Volume XLVII of the "Transactions of the Society of Actuaries (1995)."

(D) As used in this rule Annuity 2000 Mortality Table means that mortality table developed by the Society of Actuaries Committee on Life Insurance Research. The Annuity 2000 Mortality Table is included in the report on pages 211-249 of Volume XLVII of the "Transactions of the Society of Actuaries (1995)."

(2) Individual Annuity or Pure Endowment Contracts.

(A) Except as provided in subsections (B) and (C) of this section, the 1983 Table A is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after September 28, 1979.

(B) Except as provided in subsection (C) of this section, either the 1983 Table A or the Annuity 2000 Mortality Table is to be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1987.

(C) Except as provided in subsection (D) of this section, the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1 of the year following the effective date of this rule.

(D) The 1983 Table A without projection is to be used for determining the minimum standards of valuation for an individual annuity or pure endowment contract issued on or after January 1 of the year following the effective date of this rule, solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from:

1. Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions;
2. Settlements involving similar actions such as workers' compensation claims; or
3. Settlements of long-term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

(3) Group Annuity or Pure Endowment Contracts.

(A) Except as provided in subsection (B) and (C) of this section, the 1983 GAM Table, the 1983 Table A and the 1994 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, any one of these table may be used for purposes of valuation for any annuity or pure endowment purchased on or after September 28, 1979, under a group annuity or pure endowment contract.

(B) Except as provided in subsection (C) of this section, either the 1983 GAM Table or the 1994 GAR Table is to be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 1987 under a group annuity or pure endowment contract.

(C) The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1 of the year following the effective date of this rule under a group annuity or pure endowment contract.

(4) Application of the 1994 GAR Table. In using the 1994 GAR Table, the mortality rate for a person age  $x$  in year  $(1994 + n)$  is calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n$$

where the  $q_x^{1994}$ s and  $AA_x$ s are as specified in the 1994 GAR Table.

(5) Separability. If any provision of this rule or the application of this rule to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of that provision to other persons or circumstances shall not be affected by it.

*AUTHORITY: sections 374.045, RSMo Supp. 1999 and 376.380, RSMo Supp. 1994.\* This rule was previously filed as 4 CSR 190-13.270. Original rule filed April 2, 1986, effective Aug. 25, 1986. Amended: Filed June 23, 2000, effective Dec. 30, 2000.*

*\*Original authority 374.045, RSMo 1967, amended 1993, 1995; and 376.380, RSMo 1939, amended 1943, 1947, 1959, 1961, 1965, 1971, 1975, 1979, 1982, 1993.*

**20 CSR 400-1.140 Policies and Contracts Subject to Section 376.678, RSMo—Notice Requirements**

*PURPOSE: This rule defines individual whole life policy and individual deferred annuity contract as used in section 376.678, RSMo, sets forth the conditions under which the notice requirements of section 376.678, RSMo, are satisfied and specifies the policies and contracts which are subject to section 376.678, RSMo. This rule is promulgated pursuant to sections 374.045 and 376.678, RSMo.*

(1) Definitions.

(A) Whole life policy includes all life insurance policies which are subject to the provisions of section 376.670, RSMo, including, but not limited to:

1. Paid-up or reduced paid-up policies issued or coverage existing, due to the policy owner's election of a nonforfeiture option; or
2. Term insurance policies which automatically become, at some time in the future, plans of insurance which develop nonforfeiture values.

(B) Individual deferred annuity includes only those annuities to which premiums have not been credited in the prior twelve (12) months. The requirements of section 376.678, RSMo, do not apply after the contract annuities.

(C) Required notice shall include the name of the policyholder or contract holder, the policy or contract number and any premium payable.

(2) All life insurance companies doing business in this state shall furnish, at least annually, to each individual whole life or deferred annuity policyholder the required notice defined in subsection (1)(C).

(3) The notice requirements are not applicable to—

(A) Any policy or contract under which a settlement option has been elected; and

(B) Life insurance policies in force on an extended term basis.

(4) The annual notification requirements will be satisfied if the required information is sent by first class mail to the policy or contract holder's last known mailing address. Preauthorized banking arrangements are exempt from the notice requirements if the preauthorization agreement contains the information required by this rule, the premiums for the policy or contract are payable on a frequency of annually or less and the insurer has received payment on the policy or contract in the last twelve (12)-month period.

*AUTHORITY: sections 374.045, RSMo 1986 and 376.678, Supp. 1987 RSMo.\* This rule was previously filed as 4 CSR 190-13.280. Original rule filed Dec. 15, 1987, effective April 11, 1988.*

*\*Original authority: 374.045, RSMo 1967 and 376.678 1987.*

## 20 CSR 400-1.150 Modified Guaranty Annuity

*PURPOSE: This rule provides guidelines for Modified Guaranteed Annuities, a variable annuity whose assets are placed in a separate account.*

*PUBLISHER'S NOTE: The publication of the full text of the material that the adopting agency has incorporated by reference in this rule would be unduly cumbersome or expensive. Therefore, the full text of that material will be made available to any interested person at both the Office of the Secretary of State and the office of the adopting agency, pursuant to section 536.031.4, RSMo. Such material will be provided at the cost established by state law.*

(1) Applicability and Scope. This rule shall apply to—

(A) The qualifications of agents who sell Modified Guaranteed Annuity contracts in this state;

(B) The qualification of insurers who issue these contracts;

(C) The required contract form and provisions; and

(D) The manner in which separate account assets, supporting these issued contracts, are to be maintained and reported.

(2) Definitions. As used in this rule, the following terms and phrases shall mean:

(A) Modified guaranteed annuity means a deferred annuity contract, the underlying assets of which are held in a separate account, and the values of which are guaranteed if held for specified periods. It contains nonforfeiture values that are based upon a market-value adjustment formula if held for shorter periods. This formula may or may not reflect the value of assets held in the separate account. The assets underlying the contract must be in a separate account during the period(s) when the contract holder can surrender the contract;

(B) Interest credits means all interest that is credited to the contract;

(C) Separate account means a separate account established pursuant to section 376.309, RSMo or pursuant to the corresponding section of the insurance laws of the state of domicile of a foreign or alien insurer; and

(D) Director means the director of the Missouri Department of Insurance.

(3) Authority of Insurers. The following requirements apply to all insurers who are either seeking authority to issue Modified Guaranteed Annuities in Missouri or who currently have authority to issue Modified Guaranteed Annuities in Missouri:

(A) Licensing and Approval to Do Business.

1. No company shall deliver or issue for delivery Modified Guaranteed Annuities within Missouri unless it has a certificate of authority to do life insurance or annuity business in the state. The director must be satisfied that the company's condition or method of operation in connection with the issuance of these contracts will not render its operation hazardous to either the public or to its Missouri policyholders. The director shall consider, among other things, the history and financial condition of the company; the character, responsibility and fitness of the officers and directors of the company; and the law(s) and rule(s) under which the company is authorized in its state of domicile to issue Modified Guaranteed Annuities.

2. Companies licensed and having a satisfactory record of doing business in Missouri for a period of at least three (3) years may be deemed to have satisfied the director with respect to paragraph (3)(A)1.

3. Before any company delivers or issues for delivery Modified Guaranteed Annuities within Missouri, it shall submit to the director the following:

A. A general description of the kinds of annuities it intends to issue;

B. A copy of the statutes and rules of its state of domicile under which it is authorized to issue Modified Guaranteed Annuities; and

C. Biographical data of the officers and directors of the company on the National Association of Insurance Commissioners (NAIC) uniform biographical data forms;

(B) Use of Sales Materials.

1. An insurer authorized to sell Modified Guaranteed Annuities in Missouri shall not use any sales material, advertising material, descriptive literature or other materials of any kind, in connection with the solicitation of its Modified Guaranteed Annuities in Missouri which is false, misleading, deceptive or inaccurate.

2. Illustrations of benefits payable under any Modified Guaranteed Annuity shall not include projections of past investment experience into the future or attempted predictions of future investment experience. Hypothetical assumed interest credits may be used to illustrate possible levels of benefits.

3. Before any insurer shall deliver or issue for delivery any Modified Guaranteed Annuity contract in Missouri, the director may require the filing of a copy of any prospectus or other sales material to be used in connection with the marketing of the insurer's Modified Guaranteed Annuity contract. The sales material must clearly illustrate that there can be both upward and downward adjustments due to the application of the market value adjustment formula in determining nonforfeiture benefits;

(C) Reports. Any insurer authorized to transact the business of Modified Guaranteed Annuities in Missouri shall submit to the director—

1. A separate account annual statement which shall include the business of its Modified Guaranteed Annuities; and

2. This additional information concerning its Modified Guaranteed Annuity operations or separate accounts as the director shall deem necessary; and

(D) Authority of Director to Disapprove. Any material required to be filed with and approved by the director shall be subject to disapproval if, at any time, it is found by the director not to comply with the standards established by this rule.

(4) Filing of Contracts. The filing requirements applicable to Modified Guaranteed Annuities shall be those set out in 20 CSR 400-8.200, to the extent appropriate. Filings shall include a demonstration, in a form satisfactory to the director, that the nonforfeiture provisions of the contract(s) comply with section 376.671, RSMo.

(5) Modified Guaranteed Annuity Contract Requirements.

(A) Mandatory Contract Benefit and Design Requirements.

1. Any Modified Guaranteed Annuity contract delivered or issued for delivery in Missouri shall contain a statement of the essential features of the procedures to be followed by the insurance company in determining the dollar amount of nonforfeiture benefits.

2. No Modified Guaranteed Annuity contract calling for the payment of periodic stipulated payments shall be delivered or issued for delivery in Missouri unless it contains, in substance, the following provisions:

A. A provision that there shall be a grace period of thirty (30) days or one (1) month within which any payment due the insurer, other than the first payment, may be made. The contract shall continue in force during the grace period. The contract may include a statement of the basis for determining the date as of which any payment received during the grace period shall be applied to produce the values under the contract;

B. A provision that at any time within one (1) year from the date of default in making periodic payments to the insurer during the life of the annuitant, and unless the cash surrender value has been paid, the contract may be reinstated upon the following conditions: Payment to the insurer of overdue payments as required by contract and payment of all indebtedness to the insurer on the contract, including interest. The contract may include a statement of the basis for determining the date as of which the amount to cover overdue payments and indebtedness shall be applied to produce the values under the contract; and

C. A provision that, to the extent set out in any contract, the portion of the assets of any separate account which equals the reserves and other contract liabilities of the account shall not be chargeable with any other liabilities arising out of the business of the company.

3. The market value adjustment formula used in determining nonforfeiture benefits must be stated in the contract and must be applicable for both upward and downward adjustments. When a contract is filed, it must be accompanied by an actuarial statement indicating the basis for the market value adjustment formula and stating that the formula provides reasonable equity to both the contract holder and the insurance company.

(B) Nonforfeiture Benefits.

1. This subsection shall not apply to any of the following:

A. Reinsurance;

B. Group annuity contracts purchased in connection with one (1) or more retirement plans or plans of deferred compensation established or maintained by or for one (1) or more employers (including partnerships or sole proprietorships), employee organizations or any combination of them, other than plans providing individual retirement accounts or individual retirement annuities under Section 408 of the *Internal Revenue Code*;

C. Premium deposit fund;

D. Investment annuity;

E. Immediate annuity;

F. Deferred annuity contract after annuity payments have commenced;

G. Reversionary annuity; or

H. Contract which is to be delivered outside Missouri by an agent or other representative of the company issuing the contract.

2. No Modified Guaranteed Annuity contract shall be delivered or issued for delivery in Missouri unless it contains, in substance, the following provisions:

A. That upon cessation of payment of considerations under a contract, the insurer will grant a paid-up annuity benefit on a plan described in the contract that complies with paragraph (5)(B)4. The description will include a statement of the mortality table, if any, and guaranteed or assumed interest rates used in calculating annuity payments; and

B. That if a contract provides for a lump sum settlement at maturity, or at any other time, upon surrender of the contract at or prior to the commencement of any annuity payments, the insurer will pay, in lieu of any paid-up annuity benefit, a cash surrender benefit as described in the contract that complies with paragraph (5)(B)5. The contract may provide that the insurer may defer payment of the cash surrender benefit for a period of six (6) months after demand.

3. The minimum values, as specified in subsection (5)(B), of any paid-up annuity, cash surrender or death benefits, available under a Modified Guaranteed Annuity contract shall be based upon nonforfeiture amounts meeting the requirements of paragraph (5)(B)3. The Unadjusted Minimum Nonforfeiture Amount on any date prior to the annuity commencement date shall be an amount not less than that required by section 376.671, RSMo. The minimum nonforfeiture amount shall be the unadjusted minimum nonforfeiture amount adjusted by the market-value adjustment formula contained in the contract.

4. Any paid-up annuity benefit available under a Modified Guaranteed Annuity contract shall be such that its present value on the annuity commencement date is at least equal to the Minimum Nonforfeiture Amount on

that date. This present value shall be computed using the mortality table, if any, and the guaranteed or assumed interest rates used in calculating the annuity payments.

5. For Modified Guaranteed Annuity contracts which provide cash surrender benefits, the cash surrender benefit at any time prior to the annuity commencement date shall not be less than the Minimum Nonforfeiture Amount next computed after the request for surrender is received by the insurer. The death benefit under these contracts shall be at least equal to the cash surrender benefit.

6. Any Modified Guaranteed Annuity Contract which does not provide cash surrender benefits or does not provide death benefits at least equal to the Minimum Nonforfeiture Amount prior to the annuity commencement date shall include a statement in a prominent place in the contract that these benefits are not provided.

7. Despite the requirements of this section, a Modified Guaranteed Annuity contract may provide under the situations specified in subparagraph (5)(B)7.A. or B., that the insurer, at its option, may cancel the annuity and pay the contract holder the larger of the Unadjusted Minimum Nonforfeiture Amount and the Minimum Nonforfeiture Amount and by this payment be released of any further obligation under this contract—

A. If at the time the annuity becomes payable, the larger of the Unadjusted Minimum Nonforfeiture Amount and the Minimum Nonforfeiture Amount is less than two thousand dollars (\$2000) or would provide an income, the initial amount of which is less than twenty dollars (\$20) per month; or

B. If prior to the time the annuity becomes payable under a periodic payment contract, no considerations have been received under the contract for a period of two (2) full years and both—I) the total considerations paid prior to this period, reduced to reflect any partial withdrawals from or partial surrenders of the contract and II) the larger of the Unadjusted Minimum Nonforfeiture Amount and the Minimum Nonforfeiture Amount is less than two thousand dollars (\$2000).

8. For any Modified Guaranteed Annuity contract which provided, within the same contract, by rider, or supplemental contract provision, both annuity benefits and life insurance benefits that are in excess of the greater of cash surrender benefits or a return of the gross considerations with interest, the minimum nonforfeiture benefits shall be equal to the sum of the minimum nonforfeiture benefits for the annuity portion and the minimum nonforfeiture benefits, if any, for

the life insurance portion computed as if each portion were a separate contract. Despite the provisions of paragraph (5)(B)2., additional benefits payable—

A. In the event of total and permanent disability;

B. As reversionary annuity or deferred reversionary annuity benefits; or

C. As other policy benefits additional to life insurance, endowment and annuity benefits, and considerations for all these additional benefits, shall be disregarded in ascertaining the minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits that may be required by subsection (5)(B). The inclusion of the additional benefits shall not be required in any paid-up benefits, unless the additional benefits separately would require Minimum Nonforfeiture Amounts, paid-up annuity, cash surrender and death benefits.

(C) The Application. The application for a Modified Guaranteed Annuity shall contain language in substance as follows: Amounts payable under the contract are subject to a market value adjustment prior (to a date(s) specified in the contract). The statement shall be placed immediately above the signature line.

(6) Reserve Liabilities. Reserve liabilities for Modified Guaranteed Annuities shall be established in accordance with actuarial procedures that recognize—

(A) That assets of the separate account are based on market values;

(B) The variable nature of benefits provided; and

(C) Any Mortality Guarantees. As a minimum, the separate account liability will equal the surrender value based upon the market-value adjustment formula contained in the contract. If that liability is greater than the market value of the assets, a transfer of assets will be made into the separate account so that the market value of the assets at least equals that of the liabilities. Also, any additional reserve that is needed to cover future guaranteed benefits will also be set up by the valuation actuary. The market-value adjustment formula, the interest guarantees and the degree to which projected cash flow of assets and liabilities are matched also must be considered. Each year, the valuation actuary must provide an opinion on whether the assets in the separate account are adequate to provide all future benefits that are guaranteed.

(7) Separate Accounts. The following requirements apply to the establishment and admin-

istration of Modified Guaranteed Annuity separate accounts by any domestic insurer:

(A) Establishment and Administration of Separate Accounts. Any domestic insurer issuing Modified Guaranteed Annuities shall establish one (1) or more separate accounts pursuant to section 376.309, RSMo;

(B) Amounts in the Separate Account. The insurer shall maintain in each separate account assets with a market or other value, comporting to standards set out in section 376.380, RSMo at least equal to the valuation reserves and other contract liabilities respecting this account;

(C) Valuation of Separate Account Assets. Investments of the separate account shall be valued at their market value on the date of valuation or as allowed in 376.309.5., RSMo; and

(D) Investment Laws. Unless otherwise approved by the director, separate accounts relating to Modified Guaranteed Annuities will be subject to the investment requirements of section 376.309.4., RSMo.

(8) Reports to Policyholders. Companies annually will provide their contract holders with a report showing both the account value and the cash surrender value. The report clearly should indicate that the account value is prior to the application of any surrender charges or market-value adjustment formula. It should also specify the surrender charge and market value adjustment used to determine the cash surrender value.

(9) Foreign Companies. If the law or regulation in the place of domicile of a foreign company provides a degree of protection to the policyholders and the public which is substantially similar to that provided by these rules, the director, to the extent deemed appropriate by him/her, may consider compliance with law or rule as compliance with this rule.

(10) Authorization of Agents. No person, corporation, partnership or other legal entity may sell or offer for sale in this state any Modified Guaranteed Annuity contract unless licensed to sell variable annuities under the insurance laws of this state.

(11) Separability. If any provision of this regulation is found to be invalid, the remainder of the regulation shall not be affected.

*AUTHORITY: sections 374.045, RSMo Supp. 1998, 376.309 and 376.671, RSMo 1994.\* This rule was previously filed as 4 CSR 190-13.300. Original rule filed Dec. 1, 1989, effective Aug. 1, 1990. Amended: Filed April 23, 1999, effective Nov. 30, 1999.*

*\*Original authority: 374.045, RSMo 1967, amended 1993, 1995; 376.309, RSMo 1963, amended 1969, 1983, 1992, 1993; and 376.671, RSMo 1979.*



**BIOGRAPHICAL AFFIDAVIT**  
(Print or Type)

Full Name and Address of Company (Do Not Use Group Names). \_\_\_\_\_

In connection with the above-named company, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NO" OR "NONE," SO STATE.

1. Affiant's Full Name (Initials Not Acceptable) \_\_\_\_\_

2. a. Have you ever had your name changed? \_\_\_\_\_ If yes, give the reason for the change. \_\_\_\_\_

b. Other names used at any time. \_\_\_\_\_

3. Affiant's Social Security Number \_\_\_\_\_

4. Date and Place of Birth \_\_\_\_\_

5. Affiant's Business Address \_\_\_\_\_

Business Telephone \_\_\_\_\_

6. List your residences for the last ten (10) years starting with your current address, giving:

DATE	ADDRESS	CITY AND STATE
------	---------	----------------

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. Education: Dates, Names, Locations and Degrees.

College \_\_\_\_\_

Graduate Studies \_\_\_\_\_

Others \_\_\_\_\_

8. List memberships in Professional Societies and Associations. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



9. Present or Proposed Position with the Applicant Company \_\_\_\_\_

10. List complete employment record (up to and including present jobs, positions, directorates or officerships) for the past twenty (20) years, giving:

DATE	EMPLOYER AND ADDRESS	TITLE

11. Present employer may be contacted. Yes No (Circle One)  
 Former employers may be contacted. Yes No (Circle One)

12. a. Have you ever been in a position which required a fidelity bond? \_\_\_\_\_  
 If any claims were made on the bond, give details. \_\_\_\_\_  
 b. Have you ever been denied an individual or position schedule fidelity bond or had a bond cancelled or revoked? \_\_\_\_\_  
 If yes, give details. \_\_\_\_\_

13. List any professional, occupational, and vocational licenses issued by any public or governmental licensing agency or regulatory authority, which you presently hold or have held in the past (state date license issued, issuer of license, date terminated, reasons for termination).  
 \_\_\_\_\_  
 \_\_\_\_\_

14. During the last ten (10) years, have you ever been refused a professional, occupational, or vocational license by any public or governmental licensing agency or regulatory authority, or has any such license held by you ever been suspended or revoked? \_\_\_\_\_  
 If yes, give details. \_\_\_\_\_  
 \_\_\_\_\_

15. List any insurers in which you control directly or indirectly or legally or beneficially own 10% or more of the outstanding stock (in voting power). \_\_\_\_\_  
 \_\_\_\_\_  
 If any of the stock is pledged or hypothecated in any way, give details. \_\_\_\_\_  
 \_\_\_\_\_

16. Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant insurance company or its affiliates? \_\_\_\_\_  
 If any of the shares or stock are pledged or hypothecated in any way, give details. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_





17. Have you ever been adjudged a bankrupt? \_\_\_\_\_

18. a. Have you ever been convicted or had a sentence imposed or suspended or had pronouncement or a sentence suspended or been pardoned for conviction of or pleaded guilty or *nolo contendere* to an information or indictment charging any felony, or charging a misdemeanor involving embezzlement, theft, larceny, or mail fraud, or charging a violation of any corporate securities statute or any insurance law, or have you been subject of any disciplinary proceedings of any federal or state regulatory agency? \_\_\_\_\_

If yes, give details. \_\_\_\_\_  
\_\_\_\_\_

b. Has any company been so charged, allegedly as a result of any action or conduct on your part? \_\_\_\_\_

If yes, give details. \_\_\_\_\_  
\_\_\_\_\_

19. Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any insurer which, while you occupied any such position or capacity with respect to it, became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation or conservatorship? \_\_\_\_\_

20. Has the certificate of authority or license to do business of any issuance company of which you were an officer or directory or key management person ever been suspended or revoked while you occupied such position? \_\_\_\_\_

If yes, give details. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date and signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_  
\_\_\_\_\_. I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
(Signature of Affiant)

State of \_\_\_\_\_

County of \_\_\_\_\_

Personally appeared before me the above named \_\_\_\_\_  
personally known to me, who, being duly sworn, deposes and says that s/he executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
(Notary Public)

(SEAL)

My Commission Expires: \_\_\_\_\_