

November 19, 2021

To: Life Insurance and Annuities (A) Committee
From: Richard Wicka, Chair
Life Insurance Illustration Issues (A) Working Group
RE: Life Insurance and Annuities (A) Committee requested Chair Report

At the 2021 Summer National Meeting, the Life Insurance and Annuities (A) Committee asked for a "chair report" to be prepared for discussion during the Fall National Meeting. The Committee requested that the chair report outline the work that the Working Group has accomplished and how the comments it has received over the years have been addressed. The Committee intended for the chair report to provide the information the Committee needs to decide if it should continue to pursue revisions to the model, and if not, the report would include the work product that the Working Group had accomplished so far, which would be available for states to use.

Attached is the requested chair report, including its most recent work product--alternate versions of the draft revisions to the *Life Insurance Disclosure Model Regulation* (#580) and sample policy overview document for term life Insurance.

CHAIR REPORT

LIFE INSURANCE ILLUSTRATION ISSUES (A) WORKING GROUP

Per the request of the Life Insurance and Annuities (A) Committee, this report provides an overview of the Life Insurance Illustrations (A) Working Group's (LIIWG) history and progress to date. The report also includes the Chair's recommendations regarding the future direction of the Working Group.

In 2016, concerns were raised at the NAIC regarding consumer understanding of complex life insurance products such as indexed universal life products. The A Committee decided to address these concerns by forming a Working Group to explore how consumer understanding for all life insurance products could be improved. The Working Group was given a broad charge over all life products and the charge was not limited to indexed universal life products.

The LIIWG is charged to:

Explore how the narrative summary required by Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and the policy summary required by Section 5A(2) of the *Life Insurance Disclosure Model Regulation* (#580) can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.

Current Summary Disclosure Requirements in NAIC Model Regulations

Before discussing the working group, I believe it is helpful to understand the current requirements in the NAIC model regulations that are part of the working group's charge. The model regulations take a two-track approach to consumer disclosure requirements. Policies are divided into those identified to be marketed with an illustration and those identified to be marketed without an illustration.

No policy is required to be illustrated, however, those policies that are illustrated must follow the requirements of the *Life Insurance Illustrations Model Regulation* (# 582) (Illustrations Model). Specifically relevant to the working group's charge, illustrations must contain a "narrative summary" that is a "brief description of the policy being illustrated." This description must include things such as the premium outlay, a description of any policy features shown in the illustration, and definitions of key terms used in the illustration.

For policies that are not illustrated, the *Life Insurance Disclosure Model Regulation* (#580) (Disclosure Model) requires that the policyholder be provided with a "policy summary" which is defined "as a written statement describing the elements of the policy." The information that must be provided in a policy summary includes the annual premium for the basic policy and each optional rider, the amount payable upon death, the total guaranteed cash surrender value and information regarding policy loan interest rates.

Under the two model regulations, a policyholder will always receive some form of summary disclosure, either in the form of the narrative summary accompanying an illustration or a policy summary for the unillustrated products. However, while there is some overlap, the information required for each summary is not exactly the same.

History of Working Group Activity

To complete its charge, the Working Group first decided that it needed to review current narrative summaries and policy summaries to identify any issues that could be addressed to improve consumer understanding. The Working Group requested, and the American Council of Life Insurers (ACLI) compiled, sample narrative summaries and policy summaries for the three main types of life insurance products: term, whole and universal life. The Working Group established an ad hoc subgroup consisting of regulators, life insurers and consumer representatives to review these summaries to identify areas that could be improved.

During this review, several issues were identified as hampering the usefulness of narrative and policy summaries in promoting consumer understanding of life products. (See, for example, *NAIC Proceedings – Summer 2016, Life Insurance and Annuities (A) Committee, Attachment Five* and *NAIC Proceedings – Spring 2017, Life Insurance and Annuities (A) Committee*,

Attachment Nine-A). One overarching issue identified was that the narrative and policy summaries were often not designed as direct consumer disclosures. They were designed to be explained to the consumer by a financial professional and serve as a tool for the key features of the policy to be identified by a financial professional. To make these documents more consumer friendly would, to a certain extent, require a change in the audience they were written for.

The group also identified three specific issues with the summaries themselves. First, it was determined that current summary disclosures were quite lengthy which impeded consumer understanding. For example, summary disclosures for even simple term policies often ran to ten or more pages. Given the length of these summaries, it could be difficult for a consumer to locate key features of the policy.

Second, the summaries showed variations in layout and the accessibility of the language used. As can be expected, the samples varied in quality between different insurers and some samples were more consumer-friendly than others. Some summaries also contained puffery or marketing language that were not necessarily directly related to the purpose of the disclosure.

Third, the structure of the model regulations drove some of the issues with the summary's length and made them less consumer friendly. For example, the narrative summary requires that key terms in the illustration be described and defined. These definitions would often run several pages. While these definitions are important to understanding the illustration, they run counter to the narrative summaries purpose to provide a "brief" description of the policy. Similarly, the policy summary requires a five-year illustration of the policy's premium and benefit patterns that serves as a kind of "mini-illustration." Thus, both the narrative summary and policy summary work to cross purposes to some degree as they are required to be both brief summaries of the policy and to provide comprehensive information.

While the ad hoc group was reviewing the sample documents, a consensus emerged between the life insurers, regulators and consumer representatives as to how the Working Group could meet its charge. There was agreement that a one or two-page summary disclosure or "Policy Overview" should be created that only listed a policy's key features. This document would be created specifically for consumers while leaving the current structure of the narrative and policy summaries in place. The consensus was that current summaries served important purposes such as defining key terms and providing the "mini-illustration," but that the key features of the policy should be listed in a more accessible way.

This context is important to address one of the comments made by the ACLI. Specifically, that the Working Group did not identify any specific issues or problems with current summaries. As stated, the ad hoc group did in fact identify specific issues that hindered consumer understanding of life insurance products. More importantly, a consensus developed that a Policy Overview document would be helpful to consumers and meet the working group's charges. With agreement from all interested parties, including the life insurer representatives, on exploring a possible solution, there was little value in spending a great deal of time indexing issues beyond those already noted in the meeting minutes.

Development of a Policy Overview Document

To develop the Policy Overview, the Working Group started by identifying the key elements that consumers should be aware of in purchasing a life insurance policy. To complete this task, the Working Group started with simple term products before identifying key features in whole and universal life products. The key elements identified by the Working Group include basic features of the policy such as the premium, benefit amount, loan and investment features, riders and other benefits. It also included elements that would be unique to each type of life product such as the term of the policy or a description of the cost of insurance charges for universal products.

After identifying the key elements, the Working Group began developing revisions to the Disclosure Model to create the legal structure for the adoption of the Policy Overview. Changes were made to the Disclosure Model to require a short, consumer-friendly disclosure containing the required key elements that would be provided in the same form for illustrated and non-illustrated products¹. While there was general agreement on the key elements to be included in the Policy Overview, there were a couple of issues where there was not consensus that I will highlight.

The first area of disagreement was whether the Policy Overview should have a required format or whether insurers should be given latitude as to how they developed the Policy Overview. Consumer representatives argued that the Policy Overview should

¹ The working group considered adopting this policy overview as a cover page to the narrative summary of an illustration or to the policy summary for the non-illustrated products. As discussions progressed a consensus emerged that the policy overview should be a separate document that was provided to the consumer in the same form for illustrated and non-illustrated products.

be delivered on a required template so that consumers could compare products from different insurers. The life insurance industry supported more flexibility arguing that life insurers needed to have the ability to customize the Policy Overview to their specific products. The Working Group determined that a template would not be required but that the Working Group would develop sample Policy Overviews that insurers could use as an example in creating the Policy Overview.

The second issue of disagreement involved the delivery requirement for the Policy Overview. The current delivery requirement in the Disclosure Model requires that the buyer's guide and policy summary be delivered "prior to accepting the applicant's initial premium" or if the "policy for which application is made contains an unconditional refund provision" delivery may be made with the policy. Some regulators and the life insurance industry supported keeping the current delivery requirement. However, other regulators and consumer representatives argued that the Policy Overview should be required to be delivered at the time of application. They argued that the Policy Overview would be of most use to consumers prior to purchase and that the delivery of the Policy Overview at application would not be burdensome due to changes in technology that made delivery easier.

Because there was no consensus from the Working Group on the delivery requirement, the Working Group requested that the Life Insurance and Annuities (A) Committee provide direction on what the delivery requirement should be. The Chair of the Committee at the time instructed the Working Group to draft the model law changes in the alternative so that the Committee could decide the issue of timing of delivery.

Attached to this report are two version of the amendments to the Disclosure Model. Attachment A contains the amendments to the model law to adopt a Policy Overview without changing the delivery requirement, i.e., delivery at the time of policy delivery if there is a free look period. Attachment B contains the amendments to the model law to adopt the Policy Overview with language that requires that the Policy Overview be delivered at application². The delivery language included was modified from the Annuity Disclosure Model Law (#245). That language reads:

Where the application for a life insurance policy is taken at a face-to-face meeting, the applicant at or before the time of application shall be given the Policy Overview. Where the application for a life insurance policy is taken by means other than in a face-to-face meeting, the applicant shall be sent the Policy Overview not later than five business days after the receipt of the application.

After completing work on the revisions to the Model Regulation, the Working Group turned to developing the sample Policy Overview. The Working Group looked for existing disclosure documents that might serve as a starting point for the development of the Policy Overview. It was noted that in 2007 the ACLI developed a drafting guide and focus-group tested templates for insurers to develop annuity disclosures "in a truly consumer-friendly manner." The Working Group asked the ACLI and its members if they would be willing to develop similar templates for the proposed Policy Overview. The ACLI declined the working group's invitation to do so. Nevertheless, the Working Group used these annuity disclosure templates as the base to build the Policy Overview samples.

In early 2021, the Working Group completed its development of sample Policy Overviews for term products after incorporating comments from the life insurance industry, consumer representatives, and regulators³. Attachment C to this report is the sample Policy Overview with the current delivery requirements. Attachment D contains the sample Policy Overview for a delivery requirement at application. The Working Group decided to present the attached draft model law revisions and sample Policy Overviews to the Life Insurance and Annuities (A) Committee for consideration and for further guidance. The Committee issued a request for comment on these drafts from interested parties on August 11, 2021.

Chair's Recommendations

² It should also be noted that there are some minor differences in the key data elements for the alternative revisions to account for the different delivery requirements. For example, the revisions for delivery at application require an estimated premium versus the actual premium since the actual premium would not be known prior to underwriting.

³ While work on the sample templates was ongoing, in 2020 ACLI informed the A committee that it opposed the enactment of a policy overview document arguing that it would not enhance consumer understanding of life insurance products. ACLI also declined to provide comments on the sample policy overviews to be delivered at application because of their opposition to changing the delivery requirement.

After review of the comments received from interested parties and discussions with members of the Committee, the following are my recommendations as Chair for the future of the Working Group. These recommendations are based solely on my opinion and have not been adopted by the Working Group.

The comments received by the Life Insurance and Annuities (A) Committee show that there is not a consensus regarding whether the proposed Policy Overview will aid consumers in understanding life products. ACLI, Finseca, the National Association of Insurance and Financial Advisors (NAIFA), the National Alliance of Life Companies (NALC) and the states of Ohio and Utah all expressed opposition to the adoption of a Policy Overview requirement. While the comments differed to various degrees, they all expressed concern that an additional consumer disclosure will only serve to further confuse consumers or provide little additional value.

Consumer Representatives Brenda Cude and Birny Birnbaum as well as the state of New York expressed support for the development of the Policy Overview. They argue that the Policy Overview would be helpful to consumers and serve to increase consumer understanding of life products.

Both sides of the issue make valid points regarding the proposed Policy Overview and it is not possible to determine whether the Policy Overview will aid consumers without it being used in the marketplace. This new disclosure may aid consumers by providing a simple way to access key information or it may create confusion or simply be redundant. At this point, it is simply a matter of opinion whether or not this document would improve consumer understanding. This uncertainty, in my opinion, argues against the adoption of NAIC model law revisions to require a Policy Overview.

First, one of the NAIC's criteria for adoption of a model law is that the issue calls for a minimum national standard. There is currently a minimum national standard for consumer disclosures in the Illustrations and Disclosure models. To adopt significant changes to this national standard and encourage states to adopt them, there should be relative certainty and agreement that the revisions will have the desired effect. As noted, it is untested and a matter of disagreement whether or not the Policy Overview will aid consumers.

In many instances, NAIC model laws are based on regulations or laws that have been enacted by some states or other regulators. To my knowledge, no state has adopted a summary disclosure requirement such as the one that is being contemplated by the working group. This is an area where the state's strengths as laboratories for policy change should be utilized and where a top-down approach seems inappropriate. To be clear, the Policy Overview that was developed may be an effective way to aid consumer understanding of life products but until this idea is tried by some states it is not clear this should be adopted as a best practice and national standard by the NAIC.

Second, based on the comment letters and my discussions with commissioners, I question whether the proposed model meets the NAIC's requirement for the approval of a model law. Adoption of a model law requires approval by two-thirds of the NAIC members. Voting to approve indicates that the member will support adoption of the model in their state as a priority. Three states submitted comments on the adoption of a Policy Overview, two opposed the changes and one state supported it. Among the states that have not commented, I have not received an indication that the adoption of a summary disclosure for life insurance is currently a top priority of their state.

For these reasons, it is my recommendation that the Life Insurance and Annuities (A) Committee not adopt the Policy Overview revisions as a model law change. For states that are interested in pursuing regulation in this area, the revisions that were developed by the Working Group are attached to this report and can be used as a starting point for individual states that wish to enact a Policy Overview or similar summary disclosure requirement. If summary disclosures of life insurance products prove effective in educating consumers, the NAIC can always revisit whether such requirements should be adopted as a national standard with the benefit of the experience of those states.

In summary, I recommend that the Committee consider adopting this report as the final report of the Working Group and the Working Group be disbanded. By adopting this report, the revisions the Working Group has developed will be available for individual states to consider when exploring the possibility of enacting a summary disclosure requirement.

Finally, I would like to thank all the members of the Working Group for their time and commitment and their insightful comments on how we could improve consumer understanding of life insurance products. It is my hope that the life insurance industry can use some of these insights in drafting more consumer-friendly disclosures.

Attachment A

Revision marks show changes to existing model.
DRAFT April 20, 2021 (Current Delivery Requirement)

LIFE INSURANCE DISCLOSURE MODEL REGULATION

Table of Contents

Section 1.	Authority
Section 2.	Purpose
Section 3.	Scope
Section 4.	Definitions
Section 5.	Duties of Insurers
Section 6.	Preneed Funeral Contracts or Prearrangements
Section 7.	General Rules
Section 8.	Failure to Comply
Section 9.	Separability
Section 10.	Effective Date

Section 1. Authority

This rule is adopted and promulgated by the commissioner of insurance pursuant to [insert state equivalent to Section 4A(1) of the Unfair Trade Practices Act] of the Insurance Code.

Drafting Note: Insert title of chief insurance regulatory official wherever the term “commissioner” appears.

Section 2. Purpose

- A. The purpose of this regulation is to require insurers to deliver to purchasers of life insurance information that will improve the buyer’s ability to select the most appropriate plan of life insurance for the buyer’s needs and improve the buyer’s understanding of the basic features of the policy that has been purchased or is under consideration.
- B. This regulation does not prohibit the use of additional material that is not a violation of this regulation or any other [state] statute or regulation.

Section 3. Scope

- A. Except for the exemptions specified in Section 3B, this regulation shall apply to any solicitation, negotiation or procurement of life insurance occurring within this state. Section 5B shall apply only to an existing nonexempt policy held by a policyowner residing in this state. This regulation shall apply to any issuer of life insurance contracts including fraternal benefit societies.
- B. This regulation shall not apply to:
 - (1) Individual and group annuity contracts;
 - (2) Credit life insurance;
 - (3) Group life insurance (except for disclosures relating to preneed funeral contracts or prearrangements; these disclosure requirements shall extend to the issuance or delivery of certificates as well as to the master policy);

- (4) Life insurance policies issued in connection with pension and welfare plans as defined by and which are subject to the federal Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1001 *et seq.* as amended; or
- (5) Variable life insurance under which the amount or duration of the life insurance varies according to the investment experience of a separate account.

Section 4. Definitions

For the purposes of this regulation, the following definitions shall apply:

- A. “Buyer’s Guide” means the current Life Insurance Buyer’s Guide adopted by the National Association of Insurance Commissioners (NAIC) or language approved by the commissioner.
- B. “Current scale of nonguaranteed elements” means a formula or other mechanism that produces values for an illustration as if there is no change in the basis of those values after the time of illustration.
- C. “Illustration” means a presentation or depiction that includes non-guaranteed elements of a policy of life insurance over a period of years that is subject to [insert state equivalent to *Life Insurance Illustrations Model Regulation* (#582)].
- D. “Nonguaranteed elements” means the premiums, credited interest rates (including any bonus), benefits, values, non-interest based credits, charges or elements of formulas used to determine any of these, that are subject to company discretion and are not guaranteed at issue. An element is considered non-guaranteed if any of the underlying non-guaranteed elements are used in its calculation.
- E. “Policy data” means a display or schedule of numerical values, both guaranteed and nonguaranteed for each policy year or a series of designated policy years of the following information: illustrated annual, other periodic, and terminal dividends; premiums; death benefits; cash surrender values and endowment benefits.
- F. “Policy Overview” means a brief summary of the policy prepared in accordance with this regulation and an example may be found in Appendix A.
- G. “Guaranteed Premium and Benefit Patterns Summary” is a separate document that accompanies the Policy Overview where the insurer has identified the policy as one that will not be marketed with an illustration.
- H. “Preneed funeral contract or prearrangement” means an agreement by or for an individual before that individual’s death relating to the purchase or provision of specific funeral or cemetery merchandise or services.

Section 5. Duties of Insurers

- A. Requirements Applicable Generally
 - (1) The insurer shall provide a Buyer’s Guide to all prospective purchasers, prior to accepting the applicant’s initial premium or premium deposit. However, if the policy for which application is made contains an unconditional refund provision of at least ten (10) days, the Buyer’s Guide may be delivered with the policy or prior to delivery of the policy.
 - (2) The insurer shall provide a Policy Overview to all prospective purchasers. Delivery of the Policy Overview shall be consistent with the time for delivery of the Buyer’s Guide as specified in Paragraph (1). Insurers should endeavor to limit the length of the Policy Overview to the minimum length necessary to reasonably inform consumers of the information required to be included in the Policy Overview. The Policy Overview is not required to be in a specific format beyond the requirements of this Section. The Policy Overview must be prepared in language and in a format that would be understood by a typical person within the segment of the public to which the policy

is directed. A sample Policy Overview that meets the requirements of this Section is provided in Appendix A. A Policy Overview shall include the following topics with appropriate headings

- (a) An introductory section containing the following language: “This document lists this insurance policy’s key features and benefits. You can get a similar summary of key policy features from other insurance companies to help you compare similar policies. If you have questions about life insurance generally or other types of policies, the National Association of Insurance Commissioners has useful information at <https://content.naic.org/consumer/life-insurance.htm/>. If you have questions about this particular life insurance policy, ask the agent, broker, advisor, or a company representative. If you have questions about company or agent licensing, contact [insert reference to state department of insurance].:”
- (b) “Company [and Agent Information]” which shall contain the name, address, email address and phone contact information of the insurance company and insurance agent, if an agent is involved;
- (c) “Information We Use to Determine Your Premium” which shall include the following information about the policy owner and insured, as applicable:
 - (i.) A brief description of the data elements that the insurer collects from the applicant and other sources that are used to determine an applicant’s premium;
 - (ii.) A brief description of the policy features that will affect the amount of premium such as the amount of the death benefit and optional riders;
 - (iii) How risk class is assessed to generate the quote.;
- (d) “Cost Information” which shall include the following information, as applicable:
 - (i) An explanation of how much the life insurance policy costs or is estimated to cost at the time of application, including initial premium or the estimated premium quoted at the time of application and an explanation of differences in costs based on premium mode selected;
 - (ii) A summary of the available options for funding the policy and the minimum funding needed to maintain the policy in force;
 - (iii) An explanation of whether the premium can vary and, if so, how the premium will be determined;
 - (iv) An explanation of any costs associated with cancelling the policy (i.e. surrender charges) and, if yes, the period of time the charges apply or, if no, whether any money is eligible to be returned;
 - (v) If applicable, a narrative description of fees other than premium;
 - (vi) If applicable, a narrative explanation of the cost of insurance fee, how the cost of insurance fee changes with age, a narrative explanation of the net amount of risk to which the fee will apply, and the maximum allowable cost of insurance fee allowed under the policy.
- (e) “Policy Information” which shall include the following information, as applicable:
 - (i) Policy type (Including single or joint policy);
 - (ii) Policy name;

- (iii) State of issue;
 - (iv) An indication of whether the policy is term or permanent life insurance, and if it is term insurance, the length of the initial term, including whether and how the term may be extended;
 - (v) If the Policy Overview is provided prior to underwriting, a general description of what the policyholder needs to do to obtain the policy
 - (vi) If the Policy Overview is provided prior to underwriting, the following statement: “In the course of considering an insured’s application, an insurer may request or collect health information about the insured in variety of ways.” The statement shall indicate whether a physical examination or questionnaire will be required.
 - (vii) Death benefit or the death benefit as applied for;
 - (viii) A yes or no indication of whether the death benefit can change, and if yes, a summary of the reasons and timing for a change in the death benefit;
 - (ix) Policy loan options and applicable charges.
- (f) “Additional Policy Benefits” which shall include the following information, as applicable:
- (i) A yes or no indication of whether a waiver of premium or deductions option is available, and if yes, a summary of the options available;
 - (ii) A yes or no indication of whether policy conversion options exist and, if yes, a ~~brief~~ summary of conversion options available;
 - ~~(iii) If the policy has a term, a yes or no indication of whether there are o~~
 - (iv) A yes or no indication of the availability of optional riders and, if yes, a summary of how the insured may obtain additional information regarding the availability and costs of optional riders;
 - (vi) A yes or no indication of any living benefit option(s), and if yes, a summary of the option(s);
 - (vii) A yes or no indication of whether the policy can accumulate cash value, and if yes, a summary of the benefit;
 - (viii) A yes or no indication of whether there are guaranteed interest rates on fixed accounts and, if yes, the amount of the guaranteed interest rate;
 - (ix) A yes or no indication of whether there are indexed account options and if yes, a summary of how the insured may obtain additional information regarding indexed account options.
- (3) The insurer shall provide a Guaranteed Premium and Benefits Patterns Summary to prospective purchasers where the insurer identified the policy form as one that will not be marketed with an illustration. Delivery of the Guaranteed Premium and Benefits Patterns Summary shall be consistent with the time for delivery of the Buyer’s Guide as specified in Paragraph (1). The Guaranteed Premium and Benefits Pattern Summary shall show guarantees only and include all required information set out in a manner that does not minimize or render any portion of the summary

obscure. Any amounts that remain level for two (2) or more years of the policy may be represented by a single number if it is clearly indicated what amounts are applicable for each policy year. Amounts shall be listed in total, not on a per thousand or per unit basis. If more than one insured is covered under one policy or rider, death benefits shall be displayed separately for each insured or for each class of insureds if death benefits do not differ within the class. Zero amounts shall be displayed as a blank space. The following amounts, where applicable, for the first five (5) policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns; including at least one age from sixty (60) through sixty-five (65) and policy maturity:

- (a) The annual premium for the basic policy;
- (b) The annual premium for each optional rider;
- (c) The amount payable upon death at the beginning of the policy year regardless of the cause of death, other than suicide or other specifically enumerated exclusions, that is provided by the basic policy and each optional rider; with benefits provided under the basic policy and each rider shown separately;
- (d) The total guaranteed cash surrender values at the end of the year with values shown separately for the basic policy and each rider;
- (e) Any endowment amounts payable under the policy that are not included under cash surrender values above;
- (f) The effective policy loan annual percentage interest rate, if the policy contains this provision, specifying whether this rate is applied in advance or in arrears. If the policy loan interest rate is adjustable, the Guaranteed Premium and Benefits Patterns Summary shall also indicate that the annual percentage rate will be determined by the company in accordance with the provisions of the policy and the applicable law.

B. Requirements Applicable to Existing Policies.

- (1) Upon request by the policyowner, the insurer shall furnish either policy data or an in force illustration as follows:
 - (a) For policies issued prior to the effective date of [insert state equivalent to Life Insurance Illustrations Model Regulation], the insurer shall furnish policy data, or, at its option, an in force illustration meeting the requirements of [insert state equivalent to Life Insurance Illustrations Model Regulation].
 - (b) For policies issued after the effective date of the illustration regulation that were declared not to be used with an illustration, the insurer shall furnish policy data, limited to guaranteed values, if it has chosen not to furnish an in force illustration meeting the requirements of the regulation.
 - (c) If the policy was issued after the effective date of the illustration regulation and declared to be used with an illustration, an in force illustration shall be provided.
 - (d) Unless otherwise requested, the policy data shall be provided for twenty (20) consecutive years beginning with the previous policy anniversary. The statement of policy data shall include nonguaranteed elements according to the current scale, the amount of outstanding policy loans, and the current policy loan interest rate. Policy values shown shall be based on the current application of nonguaranteed elements in effect at the time of the request. The insurer may charge a reasonable fee, not to exceed \$[insert amount], for the preparation of the statement.

- (2) If a life insurance company changes its method of determining scales of nonguaranteed elements on existing policies; it shall, no later than when the first payment is made on the new basis, advise each affected policy owner residing in this state of this change and of its implication on affected policies. This requirement shall not apply to policies for which the amount payable upon death under the basic policy as of the date when advice would otherwise be required does not exceed \$5,000.
- (3) If the insurer makes a material revision in the terms and conditions under which it will limit its right to change any nonguaranteed factor; it shall, no later than the first policy anniversary following the revision, advise each affected policy owner residing in this state.

Section 6. Preneed Funeral Contracts or Prearrangements

The following information shall be adequately disclosed at the time an application is made, prior to accepting the applicant's initial premium or deposit; for a preneed funeral contract or prearrangement that is funded or to be funded by a life insurance policy:

- A. The fact that a life insurance policy is involved or being used to fund a prearrangement;
- B. The nature of the relationship among the soliciting agent or agents, the provider of the funeral or cemetery merchandise or services, the administrator and any other person;
- C. The relationship of the life insurance policy to the funding of the prearrangement and the nature and existence of any guarantees relating to the prearrangement;
- D. The impact on the prearrangement:
 - (1) Of any changes in the life insurance policy including but not limited to, changes in the assignment, beneficiary designation or use of the proceeds;
 - (2) Of any penalties to be incurred by the policyholder as a result of failure to make premium payments;
 - (3) Of any penalties to be incurred or monies to be received as a result of cancellation or surrender of the life insurance policy;
- E. A list of the merchandise and services which are applied or contracted for in the prearrangement and all relevant information concerning the price of the funeral services, including an indication that the purchase price is either guaranteed at the time of purchase or to be determined at the time of need;
- F. All relevant information concerning what occurs and whether any entitlements or obligations arise if there is a difference between the proceeds of the life insurance policy and the amount actually needed to fund the prearrangement;
- G. Any penalties or restrictions, including but not limited to geographic restrictions or the inability of the provider to perform, on the delivery of merchandise, services or the prearrangement guarantee; and

Drafting Note: States should consider whether the insurance regulator has the authority to enforce the provisions of Subsections E, F and G.

- H. If so, the fact that a sales commission or other form of compensation is being paid and the identity of the individuals or entities to whom it is paid.

Section 7. General Rules

- A. Each insurer shall maintain, at its home office or principal office, a complete file containing one copy of each document authorized and used by the insurer pursuant to this regulation. The file shall contain one copy of

each authorized form for a period of three (3) years following the date of its last authorized use unless otherwise provided by this regulation.

- B. An agent shall inform the prospective purchaser, prior to commencing a life insurance sales presentation, that he or she is acting as a life insurance agent and inform the prospective purchaser of the full name of the insurance company which the agent is representing to the buyer. In sales situations in which an agent is not involved, the insurer shall identify its full name.
- C. An insurance producer shall not use terms such as “financial planner,” “investment advisor,” “financial consultant,” or “financial counseling” in such a way as to imply that he or she is primarily engaged in an advisory business in which compensation is unrelated to sales unless that is actually the case. This provision is not intended to preclude persons who hold some form of formal recognized financial planning or consultant designation from using this designation even when they are only selling insurance. This provision also is not intended to preclude persons who are members of a recognized trade or professional association having such terms as part of its name from citing membership, providing that a person citing membership, if authorized only to sell insurance products, shall disclose that fact. This provision does not permit persons to charge an additional fee for services that are customarily associated with the solicitation, negotiation or servicing of policies.
- D. Any reference to nonguaranteed elements shall include a statement that the item is not guaranteed and is based on the company’s current scale of nonguaranteed elements (use appropriate special term such as “current dividend” or “current rate” scale.) If a nonguaranteed element would be reduced by the existence of a policy loan, a statement to that effect shall be included in any reference to nonguaranteed elements. A presentation or depiction of a policy issued after the effective date of the [insert citation to state equivalent to Life Insurance Illustrations Model Regulation] that includes nonguaranteed elements over a period of years shall be governed by that regulation.

Section 8. Failure to Comply

Failure of an insurer to provide or deliver a Buyer’s Guide, an in force illustration, a policy summary or policy data as provided in Section 5 shall constitute an omission that misrepresents the benefits, advantages, conditions or terms of an insurance policy.

Section 9. Separability

If any provisions of this rule be held invalid, the remainder shall not be affected.

Section 10. Effective Date

This rule shall become effective [insert a date at least 6 months following adoption by the regulatory authority].

Attachment B

Revision marks show changes to existing model.
DRAFT April 20, 2021 (At Application)

LIFE INSURANCE DISCLOSURE MODEL REGULATION

Table of Contents

Section 1.	Authority
Section 2.	Purpose
Section 3.	Scope
Section 4.	Definitions
Section 5.	Duties of Insurers
Section 6.	Preneed Funeral Contracts or Prearrangements
Section 7.	General Rules
Section 8.	Failure to Comply
Section 9.	Separability
Section 10.	Effective Date

Section 1. Authority

This rule is adopted and promulgated by the commissioner of insurance pursuant to [insert state equivalent to Section 4A(1) of the Unfair Trade Practices Act] of the Insurance Code.

Drafting Note: Insert title of chief insurance regulatory official wherever the term “commissioner” appears.

Section 2. Purpose

- A. The purpose of this regulation is to require insurers to deliver to purchasers of life insurance information that will improve the buyer’s ability to select the most appropriate plan of life insurance for the buyer’s needs and improve the buyer’s understanding of the basic features of the policy that has been purchased or is under consideration.
- B. This regulation does not prohibit the use of additional material that is not a violation of this regulation or any other [state] statute or regulation.

Section 3. Scope

- A. Except for the exemptions specified in Section 3B, this regulation shall apply to any solicitation, negotiation or procurement of life insurance occurring within this state. Section 5B shall apply only to an existing nonexempt policy held by a policyowner residing in this state. This regulation shall apply to any issuer of life insurance contracts including fraternal benefit societies.
- B. This regulation shall not apply to:
 - (1) Individual and group annuity contracts;
 - (2) Credit life insurance;
 - (3) Group life insurance (except for disclosures relating to preneed funeral contracts or prearrangements; these disclosure requirements shall extend to the issuance or delivery of certificates as well as to the master policy);

- (4) Life insurance policies issued in connection with pension and welfare plans as defined by and which are subject to the federal Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1001 *et seq.* as amended; or
- (5) Variable life insurance under which the amount or duration of the life insurance varies according to the investment experience of a separate account.

Section 4. Definitions

For the purposes of this regulation, the following definitions shall apply:

- A. “Buyer’s Guide” means the current Life Insurance Buyer’s Guide adopted by the National Association of Insurance Commissioners (NAIC) or language approved by the commissioner.
- B. “Current scale of nonguaranteed elements” means a formula or other mechanism that produces values for an illustration as if there is no change in the basis of those values after the time of illustration.
- C. “Illustration” means a presentation or depiction that includes non-guaranteed elements of a policy of life insurance over a period of years that is subject to [insert state equivalent to *Life Insurance Illustrations Model Regulation* (#582)].
- D. “Nonguaranteed elements” means the premiums, credited interest rates (including any bonus), benefits, values, non-interest based credits, charges or elements of formulas used to determine any of these, that are subject to company discretion and are not guaranteed at issue. An element is considered non-guaranteed if any of the underlying non-guaranteed elements are used in its calculation.
- E. “Policy data” means a display or schedule of numerical values, both guaranteed and nonguaranteed for each policy year or a series of designated policy years of the following information: illustrated annual, other periodic, and terminal dividends; premiums; death benefits; cash surrender values and endowment benefits.
- F. “Policy Overview” means a brief summary of the policy prepared in accordance with this regulation and an example may be found in Appendix A.
- G. “Guaranteed Premium and Benefit Patterns Summary” is a separate document that accompanies the Policy Overview where the insurer has identified the policy as one that will not be marketed with an illustration.
- H. “Preneed funeral contract or prearrangement” means an agreement by or for an individual before that individual’s death relating to the purchase or provision of specific funeral or cemetery merchandise or services.

Section 5. Duties of Insurers

- A. Requirements Applicable Generally
 - (1) The insurer shall provide a Buyer’s Guide to all prospective purchasers, prior to accepting the applicant’s initial premium or premium deposit. However, if the policy for which application is made contains an unconditional refund provision of at least ten (10) days, the Buyer’s Guide may be delivered with the policy or prior to delivery of the policy.
 - (2) The insurer shall provide a Policy Overview to all prospective purchasers. Where the application for a life insurance policy is taken at a face-to-face meeting, the applicant at or before the time of application shall be given the Policy Overview. Where the application for a life insurance policy is taken by means other than in a face-to-face meeting, the applicant shall be sent the Policy Overview not later than five business days after the receipt of the application. The Policy Overview is a summary of the high level features and terms of the policy. Insurers should endeavor to limit the length of the Policy Overview to the minimum length necessary to reasonably inform consumers of

the information required to be included in the Policy Overview. The Policy Overview is not required to be in a specific format beyond the requirements of this Section. The Policy Overview must be prepared in language and in a format that would be understood by a typical person within the segment of the public to which the policy is directed. A sample Policy Overview that meets the requirements of this Section is provided in Appendix A. A Policy Overview shall include the following topics with appropriate headings:

- (b) An introductory section containing the following language: “This document lists this insurance policy’s key features and benefits. You can get a similar summary of key policy features from other insurance companies to help you compare similar policies. If you have questions about life insurance generally or other types of policies, the National Association of Insurance Commissioners has useful information at <https://content.naic.org/consumer/life-insurance.htm/>. If you have questions about this particular life insurance policy, ask the agent, broker, advisor, or a company representative. If you have questions about company or agent licensing, contact [insert reference to state department of insurance];”
- (c) “Company [and Agent] Information” which shall contain The name, address, email address and phone contact information of the insurance company and insurance agent, if an agent is involved.
- (c) “Information We Use to Determine Your Premium” which shall include the following information about the policy owner and insured, as applicable:
- (i.) A brief description of the data elements that the insurer collects from the applicant and other sources that are used to determine an applicant’s premium;
 - (ii.) A brief description of the policy features that will affect the amount of premium such as the amount of the death benefit and optional riders;
 - (iii) How risk class is assessed to generate the quote;
- (d) “Cost Information” which shall include the following information, as applicable:
- (i) An explanation of how much the life insurance policy is estimated to cost at the time of application, including the estimated premium and an explanation of the differences in cost based on premium mode selected;
 - (ii) A summary of the available options for funding the policy and the minimum funding needed to maintain the policy in force;
 - (iii) An of whether the premium can vary and, if so, how the premium will be determined;
 - (iv) An explanation of any costs associated with cancelling the policy (i.e. surrender charges) and, if yes, the period of time the charges apply or, if no, whether any money is eligible to be returned;
 - ~~(iv) A yes or no indication of whether there is an option to lower benefits to reduce premium;~~
 - ~~(v) If applicable, a narrative description of fees other than premium;~~
 - ~~(vi) If applicable, a narrative explanation of the cost of insurance fee, how the cost of insurance fee changes with age, a narrative explanation of the net amount of risk~~

to which the fee will apply, and the maximum allowable cost of insurance fee allowed under the policy

- (d) “Policy Information” which shall include the following information, as applicable:
- (i) Policy type (Including single or joint policy);
 - (ii) Policy name;
 - (iii) State of issue;
 - (iv) An indication of whether the policy is term or permanent life insurance, and if it is term insurance, the length of the initial term, including whether and how the term may be extended;
 - (v) A general description of what the policyholder needs to do to obtain the policy
 - (vi) The following statement: “In the course of considering an insured’s application, an insurer may request or collect health information about the insured in variety of ways.” The statement shall indicate whether a physical examination or questionnaire will be required;
 - (vii) Death benefit that is available or the death benefit as applied for;
 - (vi) A yes or no indication of whether the death benefit can change, and if yes, a summary of the reasons and timing for a changes in the death benefit;
 - (viii) Policy loan options and applicable charges.;
- (f) “Additional Policy Benefits” which shall include the following information, as applicable:
- (ii) A yes or no indication of whether a waiver of premium or deductions option is available, and if yes, a summary of the options available;
 - (ii) A yes or no indication of whether policy conversion options exist and, if yes, a summary of conversion options available;
 - (iii) A yes or no indication of the availability of optional riders and, if yes, a summary of how the insured may obtain additional information regarding the availability and costs of optional riders;
 - (iv) A yes or no indication of any living benefit option(s), and if yes, a summary of the option(s);
 - (v) A yes or no indication of whether the policy can accumulate cash value, and if yes, a summary of the benefit;
 - (vi) A yes or no indication of whether there are guaranteed interest rates on fixed accounts and, if yes, the amount of the guaranteed interest rate;
 - (vii) A yes or no indication of whether there are indexed account options and if yes, a summary of how the insured may obtain additional information regarding indexed account options.

- (3) The insurer shall provide a Guaranteed Premium and Benefits Patterns Summary to prospective purchasers where the insurer identified the policy form as one that will not be marketed with an illustration. Delivery of the Guaranteed Premium and Benefits Patterns Summary shall be consistent with the time for delivery of the Buyer's Guide as specified in Paragraph (1). The Guaranteed Premium and Benefits Pattern Summary shall show guarantees only and include all required information set out in a manner that does not minimize or render any portion of the summary obscure. Any amounts that remain level for two (2) or more years of the policy may be represented by a single number if it is clearly indicated what amounts are applicable for each policy year. Amounts shall be listed in total, not on a per thousand or per unit basis. If more than one insured is covered under one policy or rider, death benefits shall be displayed separately for each insured or for each class of insureds if death benefits do not differ within the class. Zero amounts shall be displayed as a blank space. The following amounts, where applicable, for the first five (5) policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns; including at least one age from sixty (60) through sixty-five (65) and policy maturity:

- (a) The annual premium for the basic policy;
- (b) The annual premium for each optional rider;
- (c) The amount payable upon death at the beginning of the policy year regardless of the cause of death, other than suicide or other specifically enumerated exclusions, that is provided by the basic policy and each optional rider; with benefits provided under the basic policy and each rider shown separately;
- (d) The total guaranteed cash surrender values at the end of the year with values shown separately for the basic policy and each rider;
- (e) Any endowment amounts payable under the policy that are not included under cash surrender values above;
- (f) The effective policy loan annual percentage interest rate, if the policy contains this provision, specifying whether this rate is applied in advance or in arrears. If the policy loan interest rate is adjustable, the Guaranteed Premium and Benefits Patterns Summary shall also indicate that the annual percentage rate will be determined by the company in accordance with the provisions of the policy and the applicable law.

B. Requirements Applicable to Existing Policies.

- (1) Upon request by the policyowner, the insurer shall furnish either policy data or an in force illustration as follows:
- (a) For policies issued prior to the effective date of [insert state equivalent to Life Insurance Illustrations Model Regulation], the insurer shall furnish policy data, or, at its option, an in force illustration meeting the requirements of [insert state equivalent to Life Insurance Illustrations Model Regulation].
 - (b) For policies issued after the effective date of the illustration regulation that were declared not to be used with an illustration, the insurer shall furnish policy data, limited to guaranteed values, if it has chosen not to furnish an in force illustration meeting the requirements of the regulation.
 - (c) If the policy was issued after the effective date of the illustration regulation and declared to be used with an illustration, an in force illustration shall be provided.

- (d) Unless otherwise requested, the policy data shall be provided for twenty (20) consecutive years beginning with the previous policy anniversary. The statement of policy data shall include nonguaranteed elements according to the current scale, the amount of outstanding policy loans, and the current policy loan interest rate. Policy values shown shall be based on the current application of nonguaranteed elements in effect at the time of the request. The insurer may charge a reasonable fee, not to exceed \$[insert amount], for the preparation of the statement.

- (2) If a life insurance company changes its method of determining scales of nonguaranteed elements on existing policies; it shall, no later than when the first payment is made on the new basis, advise each affected policy owner residing in this state of this change and of its implication on affected policies. This requirement shall not apply to policies for which the amount payable upon death under the basic policy as of the date when advice would otherwise be required does not exceed \$5,000.

- (3) If the insurer makes a material revision in the terms and conditions under which it will limit its right to change any nonguaranteed factor; it shall, no later than the first policy anniversary following the revision, advise each affected policy owner residing in this state.

Section 6. Preneed Funeral Contracts or Prearrangements

The following information shall be adequately disclosed at the time an application is made, prior to accepting the applicant's initial premium or deposit; for a preneed funeral contract or prearrangement that is funded or to be funded by a life insurance policy:

- A. The fact that a life insurance policy is involved or being used to fund a prearrangement;

- B. The nature of the relationship among the soliciting agent or agents, the provider of the funeral or cemetery merchandise or services, the administrator and any other person;

- C. The relationship of the life insurance policy to the funding of the prearrangement and the nature and existence of any guarantees relating to the prearrangement;

- D. The impact on the prearrangement:
 - (1) Of any changes in the life insurance policy including but not limited to, changes in the assignment, beneficiary designation or use of the proceeds;
 - (2) Of any penalties to be incurred by the policyholder as a result of failure to make premium payments;
 - (3) Of any penalties to be incurred or monies to be received as a result of cancellation or surrender of the life insurance policy;

- E. A list of the merchandise and services which are applied or contracted for in the prearrangement and all relevant information concerning the price of the funeral services, including an indication that the purchase price is either guaranteed at the time of purchase or to be determined at the time of need;

- F. All relevant information concerning what occurs and whether any entitlements or obligations arise if there is a difference between the proceeds of the life insurance policy and the amount actually needed to fund the prearrangement;

- G. Any penalties or restrictions, including but not limited to geographic restrictions or the inability of the provider to perform, on the delivery of merchandise, services or the prearrangement guarantee; and

Drafting Note: States should consider whether the insurance regulator has the authority to enforce the provisions of Subsections E, F and G.

- H. If so, the fact that a sales commission or other form of compensation is being paid and the identity of the individuals or entities to whom it is paid.

Section 7. General Rules

- A. Each insurer shall maintain, at its home office or principal office, a complete file containing one copy of each document authorized and used by the insurer pursuant to this regulation. The file shall contain one copy of each authorized form for a period of three (3) years following the date of its last authorized use unless otherwise provided by this regulation.
- B. An agent shall inform the prospective purchaser, prior to commencing a life insurance sales presentation, that he or she is acting as a life insurance agent and inform the prospective purchaser of the full name of the insurance company which the agent is representing to the buyer. In sales situations in which an agent is not involved, the insurer shall identify its full name.
- C. An insurance producer shall not use terms such as “financial planner,” “investment advisor,” “financial consultant,” or “financial counseling” in such a way as to imply that he or she is primarily engaged in an advisory business in which compensation is unrelated to sales unless that is actually the case. This provision is not intended to preclude persons who hold some form of formal recognized financial planning or consultant designation from using this designation even when they are only selling insurance. This provision also is not intended to preclude persons who are members of a recognized trade or professional association having such terms as part of its name from citing membership, providing that a person citing membership, if authorized only to sell insurance products, shall disclose that fact. This provision does not permit persons to charge an additional fee for services that are customarily associated with the solicitation, negotiation or servicing of policies.
- D. Any reference to nonguaranteed elements shall include a statement that the item is not guaranteed and is based on the company’s current scale of nonguaranteed elements (use appropriate special term such as “current dividend” or “current rate” scale.) If a nonguaranteed element would be reduced by the existence of a policy loan, a statement to that effect shall be included in any reference to nonguaranteed elements. A presentation or depiction of a policy issued after the effective date of the [insert citation to state equivalent to Life Insurance Illustrations Model Regulation] that includes nonguaranteed elements over a period of years shall be governed by that regulation.

Section 8. Failure to Comply

Failure of an insurer to provide or deliver a Buyer’s Guide, an in force illustration, a policy summary or policy data as provided in Section 5 shall constitute an omission that misrepresents the benefits, advantages, conditions or terms of an insurance policy.

Section 9. Separability

If any provisions of this rule be held invalid, the remainder shall not be affected.

Section 10. Effective Date

This rule shall become effective [insert a date at least 6 months following adoption by the regulatory authority].

Attachment C

Term Life Sample (post UW)

ABC Insurance Co. Guaranteed Level Term

This document lists this insurance policy's key features and benefits. You can get a similar summary of key policy features from other insurance companies to help you compare similar policies. If you have questions about life insurance generally or other types of policies, the National Association of Insurance Commissioners has useful information at <https://content.naic.org/consumer/life-insurance.htm/>. If you have questions about this particular life insurance policy, ask the agent, broker, advisor, or a company representative. If you have questions about company or agent licensing, contact [insert reference to state department of insurance].

Company and Agent Information

ABC Insurance Company, 111 Half Street, Washington, DC
email@email.com
202-111-222

Prepared by Agent Joe Smith, 111 Main St., Kansas City, MO
email@email.com
816-111-222

Information We Use to Determine Your Premium

Policy Owner and Insured

This overview is prepared for John Smith for insurance on the life of John Smith.

Information We Obtain From You

Age
Sex
Family History
Tobacco Use
Occupation
Hobbies

Information We Obtain From Other Sources

Credit Reports
Motor Vehicle Registration
Auto, Home and other Insurance Claims
Driving Records
Medical Prescriptions
Criminal History

Policy Features that will Affect the Premium

Amount of the Death Benefit
Optional Riders

How We Assess Your Risk

We have X rate levels for (smokers/non smokers). John Smith's premium will be based on the Y best of the X levels.

Cost Information

What Does this Life Insurance Policy Cost?

The premium is \$AAA annually or \$BBB quarterly or \$CCC monthly. You may pay the premium monthly, quarterly or semi-annually or annually. If you pay premiums monthly, quarterly or semi-annually the total premium you pay will be more than if you pay annually.

Will my premium ever change?

The premium will stay the same for the initial term of the policy. After that term ends, the premium will increase each year if you chose to renew the policy.

Are there any costs if I decide to cancel the policy? Do I get any money back if I cancel the policy?

No, there are no costs to cancel this policy. However, if you do cancel this policy, you won't get any money back.

Policy Information

What is the name of this policy?

This is a policy to be issued in Wisconsin called Guaranteed Level Term.

Does the policy ever end? If so, what is the term of the policy

Yes. The policy ends when the term you choose (20 years) ends but you can choose to renew this policy each year until you are age 95. The premium will increase each year you renew the policy.

What is the death benefit?

The death benefit is \$500,000.

Can the death benefit change?

No, the death benefit will stay the same unless you ask, and the company agrees to increase it.

Can I take a loan from my policy?

No. You can't borrow money from this policy.

Additional Policy Benefits

Does the policy have a waiver of premium option?

Yes, you can buy a waiver of premium rider for an extra cost. A waiver of premium rider for this policy means you won't have to pay premiums after you've been totally disabled for at least 4 months.

Can I convert this policy to another type of life insurance?

Yes, you can convert this policy to a whole life insurance policy before the policy term ends, as long as you're younger than age 70.

Are there other policy enhancements or optional riders available for this policy?

Yes, there are other policy enhancements – know as riders. Ask the agent, broker, advisor, or a company representative offering this product about them.

Is there a policy option that allows me to access my death benefit while I'm alive?

Yes, for additional premium, you can get part of your death benefit before you die if you are terminally ill.

Does this policy accumulate cash value?

No. This policy provides no cash benefits other than the death benefit.

DRAFT

Attachment D

Term Life Sample (at application)

ABC Insurance Co. Guaranteed Level Term

This document lists this insurance policy's key features and benefits. You can get a similar summary of key policy features from other insurance companies to help you compare similar policies. If you have questions about life insurance generally or other types of policies, the National Association of Insurance Commissioners has useful information at <https://content.naic.org/consumer/life-insurance.htm/>. If you have questions about this particular life insurance policy, ask the agent, broker, advisor, or a company representative. If you have questions about company or agent licensing, contact [insert reference to state department of insurance].

Company and Agent Information

ABC Insurance Company, 111 Half Street, Washington, DC
email@email.com
202-111-222

Prepared by Agent Joe Smith, 111 Main St., Kansas City, MO
email@email.com
816-111-222

Information We Use to Determine Your Premium

Policy Owner and Insured

This overview is prepared for John Smith for insurance on the life of John Smith.

Information We Obtain From You

Age
Sex
Family History
Tobacco Use
Occupation
Hobbies

Information We Obtain From Other Sources

Credit Reports
Motor Vehicle Registration
Auto, Home and other Insurance Claims
Driving Records
Medical Prescriptions
Criminal History

Policy Features that will Affect the Premium

Amount of the Death Benefit
Optional Riders

How We Assess Your Risk

We have X rate levels for (smokers/non smokers). John Smith's premium will be based on the Y best of the X levels.

Cost Information

What Does this Life Insurance Policy Cost?

The premium is \$AAA annually or \$BBB quarterly or \$CCC monthly. You may pay the premium monthly, quarterly or semi-annually or annually. If you pay premiums monthly, quarterly or semi-annually the total premium you pay will be more than if you pay annually.

Will my premium ever change?

The premium will stay the same for the initial term of the policy. After that term ends, the premium will increase each year if you chose to renew the policy.

Are there any costs if I decide to cancel the policy? Do I get any money back if I cancel the policy?

No, there are no costs to cancel this policy. However, if you do cancel this policy, you won't get any money back.

Policy Information

What is the name of this policy?

This is a policy to be issued in Wisconsin called Guaranteed Level Term.

Does the policy ever end? If so, what is the term of the policy?

Yes. The policy ends when the term you choose (20 years) ends, but you can choose to renew this policy each year until you are age 95.

Can I extend the term of coverage?

Yes. After the initial term ends, you can renew this policy until you are age 95. The premium will increase each year you renew the policy.

What is the death benefit?

You have selected a death benefit of \$500,000 to generate this quote. You may select a death benefit between \$250,000 and \$2 million subject to underwriting approval.

Can I take a loan from my policy?

No. You can't borrow money from this policy.

What do I need to do to buy this policy?

You'll need to fill out an application. You also must go through an underwriting process. Underwriters review your application and decide if you're eligible to buy this policy, and, if you are, what your premium would be and how much coverage you could buy.

In the course of considering your application, an insurer may request or collect health information about you in a variety of ways. You might be approved to buy a policy without any information about your health. If you aren't, you may still be eligible for this policy, but you'll be required to fill out a health questionnaire and undergo a physical examination.

DRAFT

Additional Policy Benefits

Does the policy have a waiver of premium option?

Yes, you can buy a waiver of premium rider for an extra cost. A waiver of premium rider for this policy means that you won't have to pay premiums after you've been totally disabled for at least 4 months.

Can I convert this policy to another type of life insurance?

Yes, you can convert this policy to a whole life insurance policy before the policy term ends, as long as you're younger than age 70.

Are there other policy enhancements or optional riders available for this policy?

Yes, there are other policy enhancements – known as riders. agent, broker, advisor or a company representative offering this product about them.

Is there a policy option that allows me to access my death benefit while I'm alive?

Yes, for additional premium, you can get part of your death benefit before you die if you are terminally ill.

Does this policy accumulate cash value?

No. This policy provides no cash benefits other than the death benefit.

DRAFT