

**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903**

**NOTICE OF PROPOSED AMENDMENT TO REGULATION
AND NOTICE OF PUBLIC HEARING**

Notice is hereby given, in accordance with R.I. Gen. Laws §§ 42-14-17 and 42-35-3, that the Department of Business Regulation (“Department”) proposes to amend the following Regulations:

Insurance Regulation 27 – Life Insurance Disclosure

The proposed amendments are designed to bring the regulation into conformance with the most current version of the National Association of Insurance Commissioners Model Regulation number 580. The portions of the Model Regulation which address preneed funeral contracts have been omitted since, in Rhode Island, such contracts are governed by R.I.G.L. § 5-33.1-1 *et seq.*, rather than by the Department.

Insurance Regulation 29 – Life Insurance and Annuities Replacement

The proposed amendments are designed to bring the regulation into conformance with the most current version of the National Association of Insurance Commissioners Model Regulation number 613.

Notice is also hereby given, in accordance with R.I. Gen. Laws § 42-35-3, that the Department of Business Regulation will hold a public hearing beginning at 10:00 a.m. on January 4, 2006 in the Main Hearing Room of the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903, regarding the Proposed Amended Regulation.

Copies of the Proposed Amended Regulations are on file at the Department and copies may be obtained from the Legal Division, Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 during normal working hours on regular business days or by mail upon request. The Proposed Amended Regulations may also be obtained from the Department’s website www.dbr.state.ri.us.

In the development of the Proposed Amended Regulations, consideration was given to overlapping approaches, overlap and duplication with other statutory and regulatory provisions and economic impact on small business and cities and towns.

All interested persons may submit their views, data or arguments regarding the Proposed Amended Regulations, including information relating to alternative approaches, duplication or overlap with other state rules or regulations and the economic impact of the Proposed Amended Regulation on small business and/or cities and towns, orally at the public hearing or in writing, either by delivering the same in person or United States mail with postage pre-paid thereon to the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 attention Elizabeth Kelleher Dwyer, Hearing Officer or by e-mail to elizabeth_dwyer@dbr.state.ri.us

ALL WRITTEN SUBMISSION MUST BE RECEIVED NOT LATER THAN
JANUARY 4, 2006 AT 10:00 A.M.

The hearing room is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Office of Legal Counsel at (401) 222 5400 or TDD 711 not less than ninety-six (96) hours in advance of the hearing date.

A. Michael Marques
Director, Department of Business Regulation

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PROPOSED AMENDED
INSURANCE REGULATION 29

REPLACEMENT OF LIFE INSURANCE AND ANNUITIES REPLACEMENT

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Section 1 *Authority*

This Regulation is adopted ~~and promulgated~~ pursuant to R.I. ~~Gen. Laws~~ §§ 27-4-23, ~~27-29-12~~ and ~~42-14-17~~ in conjunction with R.I. Gen. Laws § 42-35-1(8).

Section 2 *Purpose*

A. The purpose of this Regulation is:

- A1. To regulate the activities of insurers and ~~agents and/or brokers producers~~ with respect to the replacement of existing life insurance and annuities;

- B2. To protect the interests of life insurance policyholders and annuity by purchasers by establishing minimum standards of conduct to be observed in the replacement or proposed replacement of existing life insurance by: financed purchase transactions. It will:
- 1(a). Assureing that the policy owner purchasers receives information with which a decision can be made in his or her own best interest;
 - 2(b). Reduceing the opportunity for misrepresentation and incomplete disclosures; and
 - 3(c). Establishing penalties for failure to comply with the requirements of this Regulation.

B. Unless otherwise specifically included, this regulation shall not apply to transactions involving:

- (1) Credit life insurance;
- (2) Group life insurance or group annuities where there is no direct solicitation of individuals by an insurance producer. Direct solicitation shall not include any group meeting held by an insurance producer solely for the purpose of educating or enrolling individuals or, when initiated by an individual member of the group, assisting with the selection of investment options offered by a single insurer in connection with enrolling that individual. Group life insurance or group annuity certificates marketed through direct response solicitation shall be subject to the provisions of Section 8;
- (3) Group life insurance and annuities used to fund prearranged funeral contracts;
- (4) An application to the existing insurer that issued the existing policy or contract when a contractual change or a conversion privilege is being exercised; or, when the existing policy or contract is being replaced by the same insurer pursuant to a program filed with and approved by the Director;
- (5) Proposed life insurance that is to replace life insurance under a binding or conditional receipt issued by the same company;
- (6) (a) Policies or contracts used to fund (i) an employee pension or welfare benefit plan that is covered by the Employee Retirement and Income Security Act (ERISA); (ii) a plan described by Sections 401(a), 401(k) or 403(b) of the Internal Revenue Code,

where the plan, for purposes of ERISA, is established or maintained by an employer; (iii) a governmental or church plan defined in Section 414, a governmental or church welfare benefit plan, or a deferred compensation plan of a state or local government or tax exempt organization under Section 457 of the Internal Revenue Code; or (iv) a nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor.

(b) Notwithstanding Subparagraph (a), this regulation shall apply to policies or contracts used to fund any plan or arrangement that is funded solely by contributions an employee elects to make, whether on a pre-tax or after-tax basis, and where the insurer has been notified that plan participants may choose from among two (2) or more insurers and there is a direct solicitation of an individual employee by an insurance producer for the purchase of a contract or policy. As used in this subsection, direct solicitation shall not include any group meeting held by an insurance producer solely for the purpose of educating individuals about the plan or arrangement or enrolling individuals in the plan or arrangement or, when initiated by an individual employee, assisting with the selection of investment options offered by a single insurer in connection with enrolling that individual employee;

(7) Where new coverage is provided under a life insurance policy or contract and the cost is borne wholly by the insured's employer or by an association of which the insured is a member;

(8) Existing life insurance that is a non-convertible term life insurance policy that will expire in five (5) years or less and cannot be renewed;

(9) Immediate annuities that are purchased with proceeds from an existing contract. Immediate annuities purchased with proceeds from an existing policy are not exempted from the requirements of this regulation; or

(10) Structured settlements.

C. Registered contracts shall be exempt from the requirements of Sections 6A(2) and 7B with respect to the provision of illustrations or policy summaries; however, premium or contract contribution amounts and identification of the appropriate prospectus or offering circular shall be required instead.

Section 3 **Definitions of Replacement**

"Replacement" means any transaction in which new life insurance is to be purchased, and it is known or should be known to the proposing agent and/or broker or to the

proposing insurer if there is no agent and/or broker that by reason of such transaction, existing life insurance has been or is to be:

- A. ~~Lapsed, forfeited, surrendered, or otherwise terminated;~~
- B. ~~Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;~~
- C. ~~Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;~~
- D. ~~Reissued with any reduction in cash value; or~~
- E. ~~Pledged as collateral or subjected to borrowing, whether in a single loan or under a schedule of borrowing over a period of time for amounts in the aggregate exceeding twenty five percent (25%) of the loan value set forth in the policy.~~

~~Section 4~~ *Other Definitions*

- A. ~~"Cash Dividend" means the current illustrated dividend which can be applied toward payment of the gross premium.~~
- B. ~~"Conservation" means any attempt by the existing insurer or its agent and/or broker to continue existing life insurance in force when the existing insurer has received a Comparative Information Form as required by Section 7(C)(4) of this Regulation from a replacing insurer. A conservation effort does not include such routine administrative procedures like late payment reminders, late payment offers or reinstatement offers.~~
- CA. "Direct-Response SalesSolicitation" means any sale of life insurance where the insurer does not utilize an agent and/or broker in the sale or delivery of the policy a solicitation through a sponsoring or endorsing entity or individually solely through mails, telephone, the Internet or other mass communication media.
- DB. "Existing Insurer" means the insurance company whose policy is or will be changed or terminated-affected in such a manner as described within the definition of "replacement."
- EC. "Existing Life InsurancePolicy or Contract" means any individual life insurance policy (policy) or annuity contract (contract) in force, including life insuranceea policy under a binding or conditional receipt or a life insurancee policy or contract that is within an unconditional refund period, but excluding life insurancee obtained through the exercise of a dividend option.

- D. "Financed purchase" means the purchase of a new policy involving the actual or intended use of funds obtained by the withdrawal or surrender of, or by borrowing from values of an existing policy to pay all or part of any premium due on the new policy. For purposes of a regulatory review of an individual transaction only, if a withdrawal, surrender or borrowing involving the policy values of an existing policy is used to pay premiums on a new policy owned by the same policyholder and issued by the same company within four (4) months before or thirteen (13) months after the effective date of the new policy, it will be deemed *prima facie* evidence of the policyholder's intent to finance the purchase of the new policy with existing policy values. This *prima facie* standard is not intended to increase or decrease the monitoring obligations contained in Section 5A(5) of this regulation.
- E. "Illustration" means a presentation or depiction that includes non-guaranteed elements of a policy of life insurance over a period of years as defined in R.I.G.L. § 27-62-1 *et seq.*
- F. "Policy summary," for the purposes of this regulation;
- (1) For policies or contracts other than universal life policies, means a written statement regarding a policy or contract which shall contain to the extent applicable, but need not be limited to, the following information: current death benefit; annual contract premium; current cash surrender value; current dividend; application of current dividend; and amount of outstanding loan.
- (2) For universal life policies, means a written statement that shall contain at least the following information: the beginning and end date of the current report period; the policy value at the end of the previous report period and at the end of the current report period; the total amounts that have been credited or debited to the policy value during the current report period, identifying each by type (e.g., interest, mortality, expense and riders); the current death benefit at the end of the current report period on each life covered by the policy; the net cash surrender value of the policy as of the end of the current report period; and the amount of outstanding loans, if any, as of the end of the current report period.
- F. "Generic Name" means a short title which is descriptive of the premium and benefit patterns of a policy or a rider.
- G. "Producer," for the purpose of this regulation, shall be as defined in R.I.G.L. § 27-2.4-2.
- H. "Replacing Insurer" means the insurance company that issues a new policy or contract that replaces an existing policy or contract or is a financed purchase which is a replacement of existing life insurance.

I. “Registered contract” means a variable annuity contract or variable life insurance policy subject to the prospectus delivery requirements of the Securities Act of 1933.

J. "Replacement" means a transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing producer or to the proposing insurer if there is no producer that by reason of the transaction, an existing policy or contract has been or is to be:

1. Lapsed, forfeited, surrendered, or partially surrendered, assigned to the replacing insurers or otherwise terminated;
2. Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
3. Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
4. Reissued with any reduction in cash value; or
5. Used in a financed purchase.

K. “Sales material” means a sales illustration and any other written, printed or electronically presented information created, or completed or provided by the company or producer and used in the presentation to the policy or contract owner related to the policy or contract purchased.

~~H. “Sales Proposal” means individualized, written sales aids of all kinds, excluding Comparative Information Forms and Policy Summaries, which are used by an insurer, agent or broker in comparing existing life insurance to proposed life insurance in order to recommend the replacement or conservation of existing life insurance. Sales aids of a generally descriptive nature, which are maintained in the insurer's advertising compliance file, shall not be considered a Sales Proposal within the meaning of this definition.~~

~~Section 5~~ *Exemptions*

~~Unless otherwise specifically included, this Regulation shall not apply to:~~

- ~~A. Annuities;~~
- ~~B. Individual credit life insurance;~~

- C. ~~Group life insurance; group credit life insurance, and life insurance policies issued in connection with a pension, profit sharing or other benefit plan qualifying for tax deductibility of premiums, provided, however, that as to any plan described in this subsection, full and complete disclosure of all material facts shall be given to the administrator of any plan to be replaced;~~
- D. ~~Variable life insurance under which the death benefits and cash values vary in accordance with unit values of investments held in a separate account;~~
- E. ~~An application to the existing insurer that issued the existing life insurance and a contractual change or conversion privilege is being exercised;~~
- F. ~~Existing life insurance that is non-convertible term life insurance policy which will expire in five years or less and cannot be renewed; or~~
- G. ~~Proposed life insurance that is to replace life insurance under a binding or conditional receipt issued by the same company.~~

Section 64 *Duties of Agents and/or Brokers Producers*

- A. Each ~~agent and/or broker~~ producer who initiates an application shall submit to the ~~replacing insurer,~~ with or as part of each application, ~~for life insurance:~~
 - 1. ~~A a statement signed by both the applicant and the producer as to whether the applicant has or not such insurance will replace existing life insurance; and policies or contracts. If the answer is "no," the producer's duties with respect to replacement are complete.~~
 - 2. ~~A signed statement as to whether or not the agent and/or broker knows replacement is or may be involved in the transaction.~~
- B. ~~Where a replacement is involved, the agent and/or broker shall:~~
 - 1. ~~If the applicant answered "yes" to the question regarding existing coverage referred to in Subsection A, the producer shall Ppresent and read to the applicant, not later than at the time of taking the application, a notice regarding replacements in the form as described "Notice Regarding Replacement of Life Insurance" in the form as described in Exhibits in Appendix A or B, whichever is applicable, or other substantially similar form approved by the CommissionerDirector. However, no approval shall be required when amendments to the notice are limited to the omission of references not applicable to the product being sold or replaced. The notice shall be signed by both the applicant and the producer attesting that the notice has been read aloud by the producer or that the applicant did not wish the notice to be read aloud (in which case the producer need not have read the notice aloud) and left with the applicant.~~

~~The Notice must be signed by and left with applicant.~~

- ~~2. Present to the applicant, not later than at the time of taking the application, a Comparative Information Form as described in Exhibit D. (Substantially equivalent forms may be used with the prior approval of the Commissioner.) If more than one existing life insurance policy is to be replaced, a separate Comparative Information Form is to be provided for each such policy or separate information is to be provided in the Comparative Information Form for each such policy, and a summary of all the separate policy information to the extent possible must be included. The agent and/or broker must include in the Comparative Information Form all of the information required to be in that Form, except that information concerning the existing life insurance policy that cannot be obtained from that policy itself. The Comparative Information Form must be signed by the agent and/or broker and the applicant and a copy left with the applicant.~~
- ~~3. Leave with the applicant the original or a copy of all Sales Proposals used for presentation to the applicant.~~
- ~~4. Submit to the replacing insurer with the application, a copy of the "Notice Regarding Replacement of Life Insurance" signed by the applicant, a copy of the Comparative Information Form signed by the agent and/or broker, and the applicant, and a copy of all Sales Proposals used for presentation to the applicant.~~

~~C. Each agent and/or broker who uses a Sales Proposal when conserving existing life insurance shall:~~

- ~~1. Leave with the applicant the original or a copy of all Sales Proposals used in the conservation effort; and~~
- ~~2. Submit to the existing insurer a copy of all Sales Proposals used in the conservation effort. The notice shall list all life insurance policies or annuities proposed to be replaced, properly identified by name of insurer, the insured or annuitant, and policy or contract number if available; and shall include a statement as to whether each policy or contract will be replaced or whether a policy will be used as a source of financing for the new policy or contract. If a policy or contract number has not been issued by the existing insurer, alternative identification, such as an application or receipt number, shall be listed.~~

~~D. In connection with a replacement transaction the producer shall leave with the applicant at the time an application for a new policy or contract is completed the original or a copy of all sales material. With respect to electronically presented sales material, it shall be provided to the policy or~~

contract owner in printed form no later than at the time of policy or contract delivery.

E. Except as provided in Section 6C, in connection with a replacement transaction the producer shall submit to the insurer to which an application for a policy or contract is presented, a copy of each document required by this section, a statement identifying any preprinted or electronically presented company approved sales materials used, and copies of any individualized sales materials, including any illustrations related to the specific policy or contract purchased.

Section 75 **Duties of ~~Replacing~~ Insurers that Use Producers**

Each insurer shall:

A. Maintain a system of supervision and control to insure compliance with the requirements of this regulation that shall include at least the following:

(1) Inform its producers of the requirements of this regulation and incorporate the requirements of this regulation into all relevant producer training manuals prepared by the insurer;

(2) Provide to each producer a written statement of the company's position with respect to the acceptability of replacements providing guidance to its producer as to the appropriateness of these transactions;

(3) A system to review the appropriateness of each replacement transaction that the producer does not indicate is in accord with Paragraph (2) above;

(4) Procedures to confirm that the requirements of this regulation have been met; and

(5) Procedures to detect transactions that are replacements of existing policies or contracts by the existing insurer, but that have not been reported as such by the applicant or producer. Compliance with this regulation may include, but shall not be limited to, systematic customer surveys, interviews, confirmation letters, or programs of internal monitoring;

B. Have the capacity to monitor each producer's life insurance policy and annuity contract replacements for that insurer, and shall produce, upon request, and make such records available to the Director. The capacity to monitor shall include the ability to produce records for each producer's:

- (1) Life replacements, including financed purchases, as a percentage of the producer's total annual sales for life insurance;
 - (2) Number of lapses of policies by the producer as a percentage of the producer's total annual sales for life insurance;
 - (3) Annuity contract replacements as a percentage of the producer's total annual annuity contract sales;
 - (4) Number of transactions that are unreported replacements of existing policies or contracts by the existing insurer detected by the company's monitoring system as required by Subsection A(5) of this section; and
 - (5) Replacements, indexed by replacing producer and existing insurer;
- C. Require with or as a part of each application for life insurance or an annuity a signed statement by both the applicant and the producer as to whether the applicant has existing policies or contracts;
 - D. Require with each application for life insurance or an annuity that indicates an existing policy or contract a completed notice regarding replacements as contained in Appendix A;
 - E. When the applicant has existing policies or contracts, each insurer shall be able to produce copies of any sales material required by Section 4E, the basic illustration and any supplemental illustrations related to the specific policy or contract that is purchased, and the producer's and applicant's signed statements with respect to financing and replacement for at least five (5) years after the termination or expiration of the proposed policy or contract;
 - F. Ascertain that the sales material and illustrations required by Section 4E of this regulation meet the requirements of this regulation and are complete and accurate for the proposed policy or contract;
 - G. If an application does not meet the requirements of this regulation, notify the producer and applicant and fulfill the outstanding requirements; and
 - H. Maintains records in paper, photograph, microprocess, magnetic, mechanical or electronic media or by any process that accurately reproduces the actual document.

Section 6. Duties of Replacing Insurers that Use Producers

- A. Where a replacement is involved in the transaction, the replacing insurer shall:
- (1) Verify that the required forms are received and are in compliance with this regulation;
 - (2) Notify any other existing insurer that may be affected by the proposed replacement within five (5) business days of receipt of a completed application indicating replacement or when the replacement is identified if not indicated on the application, and mail a copy of the available illustration or policy summary for the proposed policy or available disclosure document for the proposed contract within five (5) business days of a request from an existing insurer;
 - (3) Be able to produce copies of the notification regarding replacement required in Section 4B, indexed by producer, for at least five (5) years or until the next regular examination by the insurance department of a company's state of domicile, whichever is later; and
 - (4) Provide to the policy or contract owner notice of the right to return the policy or contract within thirty (30) days of the delivery of the contract and receive an unconditional full refund of all premiums or considerations paid on it, including any policy fees or charges or, in the case of a variable or market value adjustment policy or contract, a payment of the cash surrender value provided under the policy or contract plus the fees and other charges deducted from the gross premiums or considerations or imposed under such policy or contract; such notice may be included in Appendix A or C.
- B. In transactions where the replacing insurer and the existing insurer are the same or subsidiaries or affiliates under common ownership or control allow credit for the period of time that has elapsed under the replaced policy's or contract's incontestability and suicide period up to the face amount of the existing policy or contract. With regard to financed purchases the credit may be limited to the amount the face amount of the existing policy is reduced by the use of existing policy values to fund the new policy or contract.
- C. If an insurer prohibits the use of sales material other than that approved by the company, as an alternative to the requirements made of an insurer pursuant to Section 4E, the insurer may:

- (1) Require with each application a statement signed by the producer that:
 - (a) Represents that the producer used only company-approved sales material; and
 - (b) States that copies of all sales material were left with the applicant in accordance with Section 4D; and
- (2) Within ten (10) days of the issuance of the policy or contract:
 - (a) Notify the applicant by sending a letter or by verbal communication with the applicant by a person whose duties are separate from the marketing area of the insurer, that the producer has represented that copies of all sales material have been left with the applicant in accordance with Section 4D;
 - (b) Provide the applicant with a toll free number to contact company personnel involved in the compliance function if such is not the case; and
 - (c) Stress the importance of retaining copies of the sales material for future reference; and
- (3) Be able to produce a copy of the letter or other verification in the policy file for at least five (5) years after the termination or expiration of the policy or contract.

Each replacing insurer shall:

- A. ~~Inform its field representatives of the requirements of this Regulation.~~
- B. ~~Require with or as part of each completed application for life insurance;~~
 1. ~~A statement signed by the applicant as to whether or not such insurance will replace existing life insurance; and~~
 2. ~~A statement signed by the agent and/or broker as to whether or not he or she knows replacement is or may be involved in the transaction.~~
- C. ~~Where a replacement is involved:~~
 1. ~~Require from the agent and/or broker with the application for life insurance a copy of the "Notice Regarding Replacement of Life~~

~~Insurance" signed by the applicant, a copy of the Comparative Information Form signed by the agent and/or broker and the applicant, and a copy of all Sales Proposals used for presentation to the applicant.~~

- ~~2. Verify the substantial accuracy of information concerning the proposed policy furnished to the applicant in the Comparative Information Form. If the information concerning that policy is not substantially accurate, the replacing insurer must obtain a Comparative Information Form signed by the agent and/or broker and the applicant which includes substantially accurate information before it can begin to process the application for the proposed policy.~~
- ~~3. Unless otherwise modified by the provisions of Section 7(C)(5) or (6) of this Regulation, furnish to the applicant a Policy Summary in accordance with the provisions of the Life Insurance Solicitation Regulation.~~
- ~~4. Send to the existing insurer a Section 7(C)(1) verified Comparative Information Form as required by Sections 7(C)(1) and (2) within three (3) working days of the date the application and a substantially accurate Comparative Information Form are received at its Home or Regional Office, or the date its policy is issued, whichever is sooner.~~
- ~~5. Delay, if it is not also the existing insurer, the issue of its policy for twenty (20) days after it sends the existing insurer a copy of the Policy Summary, unless it provides in its "Notice Regarding Replacement of Life Insurance" and in either its policy or in a separate written notice that is delivered with the policy that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of twenty days commencing from the date of delivery of the policy, and it sends the Policy Summary required by this Section to the existing insurer within three working days of the date its policy is issued, in which event the replacing insurer may issue its policy immediately.~~
- ~~6. Provide, if it is also the existing insurer, the policyowner a Policy Summary for the new policy prepared in accordance with Section 7(C)(3), prior to accepting the applicant's initial premium or premium deposit, unless the replacing insurer provides in its "Notice Regarding Replacement of Life Insurance" and in either its policy or in a separate written notice that is delivered with the policy that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of twenty days commencing from the date of delivery of the policy, in which event, the replacing insurer must furnish the Policy Summary at or prior to delivery of the policy.~~
- ~~7. Maintain copies of the "Notice Regarding Replacement of Life Insurance", the verified Comparative Information Form, the Policy Summary, and all~~

~~Sales Proposals used, and a replacement register, cross indexed, by replacing agent and/or broker and existing insurer to be replaced, for at least three years or until the conclusion of the next succeeding regular examination by the Insurance Department of its state of domicile, whichever is later.~~

Section 87 **Duties of the Existing Insurers With Respect to Direct-Response Sales**

Where a replacement is involved in the transaction, the existing insurer shall:

- A. Retain and be able to produce all replacement notifications received, indexed by replacing insurer, for at least five (5) years or until the conclusion of the next regular examination conducted by the Insurance Department of its state of domicile, whichever is later.
- B. Send a letter to the policy or contract owner of the right to receive information regarding the existing policy or contract values including, if available, an in force illustration or policy summary if an in force illustration cannot be produced within five (5) business days of receipt of a notice that an existing policy or contract is being replaced. The information shall be provided within five (5) business days of receipt of the request from the policy or contract owner.
- C. Upon receipt of a request to borrow, surrender or withdraw any policy values, send a notice, advising the policy owner that the release of policy values may affect the guaranteed elements, non-guaranteed elements, face amount or surrender value of the policy from which the values are released. The notice shall be sent separate from the check if the check is sent to anyone other than the policy owner. In the case of consecutive automatic premium loans, the insurer is only required to send the notice at the time of the first loan.

~~Each insurer shall:~~

- ~~A. Inform its responsible personnel of the requirements of this Regulation.~~
- ~~B. Require with or as part of each completed application for life insurance a statement signed by the applicant as to whether or not such insurance will replace existing insurance.~~
- ~~C. Where no replacement is proposed by an insurer in the solicitation of a direct-response sale and a replacement is involved:~~

- ~~1. At the time the policy is mailed to the applicant, include a "Notice Regarding Replacement of Life Insurance" in a form substantially as described in Exhibit C.~~
- ~~D. Where a replacement is proposed by an insurer in the solicitation of a direct response sale and a replacement is involved:~~
- ~~1. Request from the applicant with or as part of the application a list of all existing life insurance to be replaced. Such existing life insurance shall be identified by name of insurer.~~
 - ~~2. If the applicant furnishes the names of the existing insurers, then the replacing direct response insurer shall mail the applicant a "Notice Regarding Replacement of Life Insurance" in a form substantially as described in Exhibit C, within three (3) working days after receipt of the application and shall comply with all of the provisions of Sections 7(C)(3), (5), (6), and (7), except that it need not meet the requirements of this Regulation concerning Comparative Information Forms and need not maintain a replacement register required by Section 7(C)(7).~~
 - ~~3. If the applicant does not furnish the names of the existing insurers, then the replacing direct response insurer shall at the time the policy is mailed to the applicant, include a "Notice Regarding Replacement of Life Insurance" in a form substantially as described in Exhibit C.~~

Section 98

Duties of the Existing Insurer with Respect to Direct Response Solicitations

- ~~A. In the case of an application that is initiated as a result of a direct response solicitation, the insurer shall require, with or as part of each completed application for a policy or contract, a statement asking whether the applicant, by applying for the proposed policy or contract, intends to replace, discontinue or change an existing policy or contract. If the applicant indicates a replacement or change is not intended or if the applicant fails to respond to the statement, the insurer shall send the applicant, with the policy or contract, a notice regarding replacement in Appendix B, or other substantially similar form approved by the Director.~~
- ~~B. If the insurer has proposed the replacement or if the applicant indicates a replacement is intended and the insurer continues with the replacement, the insurer shall:
 - ~~(1) Provide to applicants or prospective applicants with the policy or contract a notice, as described in Appendix C, or other substantially similar form approved by the commissioner. In these instances the insurer may delete the references to the producer,~~~~

including the producer's signature, and references not applicable to the product being sold or replaced, without having to obtain approval of the form from the Director. The insurer's obligation to obtain the applicant's signature shall be satisfied if it can demonstrate that it has made a diligent effort to secure a signed copy of the notice referred to in this paragraph. The requirement to make a diligent effort shall be deemed satisfied if the insurer includes in the mailing a self-addressed postage prepaid envelope with instructions for the return of the signed notice referred to in this section; and

- (2) Comply with the requirements of Section 6A(2), if the applicant furnishes the names of the existing insurers, and the requirements of Sections 6A(3), 6A(4) and 6B.

~~Each existing insurer shall inform its responsible personnel of the requirements of this Regulation. Each existing insurer, or such insurer's agent, and/or broker that undertakes a conservation effort shall:~~

- ~~A. Within twenty (20) days from the date the Comparative Information Form required by Section 7(C)(4) is received, either furnish the policyowner with the Comparative Information Form received from the replacing insurer and include in it all of the information concerning the existing life insurance that was not completed and correct any information that was inaccurately completed by the replacing agent and/or broker, furnish the policyowner with a Policy Summary for the existing life insurance. Such Policy Summary shall be completed in accordance with the provisions of the Life Insurance Solicitation Regulation, except that information relating to premiums, cash values, death benefits and dividends, if any, shall be computed from the current policy year of the existing life insurance. The Policy Summary shall include the amount of any outstanding policy indebtedness, the sum of any dividend accumulations or additions, and may include any other information that is not in violation of any regulation or statute. Life insurance cost index and equivalent level annual dividend figures need not be included in the Policy Summary. If index figures are included in the Policy Summary, the policyowner must receive written notification at the time the Policy Summary is delivered that such figures should only be used for comparing the relative costs of similar policies.~~
- ~~B. Furnish the replacing insurer with a copy of the fully completed Comparative Information Form or the Policy Summary for the existing life insurance within three working days of the date that the fully completed Comparative Information Form or the Policy Summary is sent by the existing insurer to either its agent and/or broker or directly to the policyowner.~~
- ~~C. Maintain a file containing the following:~~

- ~~1. Comparative Information Forms required by Section 7(C)(4) and Policy Summaries required by Section 7(C)(5) received from replacing insurers; and~~
- ~~2. Copies of fully completed Comparative Information Forms or Policy Summaries prepared pursuant to Section 9(A), and all Sales Proposals used to conserve the existing life insurance.~~

~~This material shall be indexed by replacing insurer and held for three (3) years or until the conclusion of the next regular examination conducted by the Insurance Department of its domicile, whichever is later.~~

Section 109 Violations and Penalties

- A. Any failure to comply with this regulation shall be considered a violation of R.I.G.L. § 27-29-1 et seq. Examples of violations include:
 - (1) Any deceptive or misleading information set forth in sales material;
 - (2) Failing to ask the applicant in completing the application the pertinent questions regarding the possibility of financing or replacement;
 - (3) The intentional incorrect recording of an answer;
 - (4) Advising an applicant to respond negatively to any question regarding replacement in order to prevent notice to the existing insurer; or
 - (5) Advising a policy or contract owner to write directly to the company in such a way as to attempt to obscure the identity of the replacing producer or company.
- B. Policy and contract owners have the right to replace existing life insurance policies or annuity contracts after indicating in or as a part of applications for new coverage that replacement is not their intention; however, patterns of such action by policy or contract owners of the same producer shall be deemed *prima facie* evidence of the producer's knowledge that replacement was intended in connection with the identified transactions, and these patterns of action shall be deemed *prima facie* evidence of the producer's intent to violate this regulation.
- C. Where it is determined that the requirements of this regulation have not been met the replacing insurer shall provide to the policy owner an in force illustration if available or policy summary for the replacement policy

or available disclosure document for the replacement contract and the appropriate notice regarding replacements in Appendix A or C.

D. Violations of this regulation shall subject the violators to penalties that may include the revocation or suspension of a producer's or company's license, monetary fines and the forfeiture of any commissions or compensation paid to a producer as a result of the transaction in connection with which the violations occurred. In addition, where the Director has determined that the violations were material to the sale, the insurer may be required to make restitution, restore policy or contract values and pay interest at the rate defined in R.I.G.L. § 27-4.5-4.1(d) on the amount refunded in cash.

~~A. Any insurer, agent, broker, representative, officer or employee of such insurer failing to comply with the requirements of this Regulation shall be subject to such penalties as may be appropriate under the Insurance Laws of the State of Rhode Island.~~

~~B. This Regulation does not prohibit the use of additional material other than that which is required that is not in violation of this Regulation or any other Rhode Island Statute or Regulation.~~

~~C. Policyowners have the right to replace existing life insurance after indicating in or as part of the applications for life insurance that such is not their intention; however, patterns of such action by policyowners who purchase the replacing policies from the same agent and or broker shall be deemed prima facie evidence of the agent's and/or broker's knowledge that replacement was intended in connection with the sale of those policies, and such patterns of action shall be deemed prima facie evidence of the agent's and/or broker's intent to violate this Regulation.~~

Section 11 Severability

If any section or provision of a section of this Regulation, or its applicability to any person or circumstances, shall be held invalid by a court, the remainder of ~~the this~~ Regulation, or the applicability of its provisions to other persons, shall not be affected ~~thereby~~.

Section 10. Effective Date

This regulation shall be effective twenty (20) days after filing with the Secretary of state as indicated below.

EFFECTIVE DATE:	October 1, 1980
AMENDED:	June 25, 1997
REFILED:	December 19, 2001
<u>AMENDED:</u>	<u>January ____, 2006</u>

EXHIBIT A

~~(To be used where the existing and proposed policies are written by different companies.)~~

~~(Name, address and telephone number of the insurance company)~~

IMPORTANT NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE

~~Our agent and/or broker is recommending to you that you purchase a life insurance policy from us. In connection with this purchase, you have indicated either as a result of his recommendation or at your own initiative, that you may terminate or change your existing policy issued by another insurance company or that you may obtain a loan from that company against your policy to pay premiums on the proposed policy. Any of these actions is a replacement of life insurance. This notice must be given to you, along with a form including preliminary information comparing the proposed policy with your existing policy to be replaced. Please read this notice and the Comparative Information Form carefully.~~

~~Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and of your existing insurance coverage.~~

~~To this end, we are required to give you a Policy Summary including complete information on the proposed policy no later than when that policy is delivered to you. In addition, we are required to notify the insurance company that issued your existing policy. That company may then furnish you with additional information concerning your existing policy. You may want to contact that company or its agent and/or broker for further information and advice or discuss your purchase with other advisors. The information you receive will be of value to you in reaching a final decision.~~

~~If either the proposed policy or the existing insurance you intend to replace is a participating policy, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.~~

~~You should also recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Under your existing policy, the period of time during which the issuing company could contest the policy because of a material misstatement or omission on your application, or deny coverage for death caused by suicide, may have expired or may expire earlier than it will under the proposed policy. Your existing policy may have options which are not available under the policy being proposed to you or may not come~~

~~into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.~~

~~If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.~~

~~After we have received your application and notified the other insurance company you will have twenty days from the date the proposed policy is delivered to you to cancel the policy issued on your application and receive back all payments you made to us.~~

~~(ALTERNATE PARAGRAPH IF TWENTY (20) DAY MONEY BACK GUARANTEE IS NOT PROVIDED.)~~

~~We are required by state regulation to delay the issuance of the policy for which you are making application for twenty (20) days from the date on which we send your existing insurer notification that their policy will be replaced.~~

CAUTION

~~If, after studying the information made available to you, you decide to replace the existing life insurance with our life insurance policy, you are urged not to take action to terminate or alter your existing life insurance coverage until after you have been issued the new policy, examined it and have found it to be acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance for which you applied, you may find yourself unable to purchase other life insurance or able to purchase it only at substantially higher rates.~~

~~I have received and read a copy of this Replacement Notice.~~

~~(Signed) _____ Date _____~~

APPENDIX A

IMPORTANT NOTICE:
REPLACEMENT OF LIFE INSURANCE OR ANNUITIES

This document must be signed by the applicant and the producer, if there is one, and a copy left with the applicant.

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on the existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interests. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements before you make your purchase decision and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract? YES NO

2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract? YES NO

If you answered “yes” to either of the above questions, list each existing policy or contract you are contemplating replacing (include the name of the insurer, the insured or annuitant, and the policy or contract number if available) and whether each policy or contract will be replaced or used as a source of financing:

<u>INSURER NAME</u>	<u>CONTRACT OR POLICY #</u>	<u>INSURED OR ANNUITANT</u>	<u>REPLACED (R) OR FINANCING (F)</u>
<u>1.</u>			
<u>2.</u>			
<u>3.</u>			

Make sure you know the facts. Contact your existing company or its agent for information about the old policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

The existing policy or contract is being replaced because_____.

I certify that the responses herein are, to the best of my knowledge, accurate:

Applicant's Signature and Printed Name Date

Producer's Signature and Printed Name Date

I do not want this notice read aloud to me. ___ (Applicants must initial only if they do not want the notice read aloud.)

A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the company or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract. This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

PREMIUMS: Are they affordable?

Could they change?

You're older—are premiums higher for the proposed new policy?

How long will you have to pay premiums on the new policy? On the

old policy?

POLICY VALUES: New policies usually take longer to build cash values and to pay

dividends.
Acquisition costs for the old policy may have been paid, you will incur

costs for the new one.
What surrender charges do the policies have?

What expense and sales charges will you pay on the new policy?

Does the new policy provide more insurance coverage?

INSURABILITY: If your health has changed since you bought your old policy, the new

one could cost you more, or you could be turned down.
You may need a medical exam for a new policy.

Claims on most new policies for up to the first two years can be denied

based on inaccurate statements.
Suicide limitations may begin anew on the new coverage.

IF YOU ARE KEEPING THE OLD POLICY AS WELL AS THE NEW POLICY:

- How are premiums for both policies being paid?
- How will the premiums on your existing policy be affected?
- Will a loan be deducted from death benefits?
- What values from the old policy are being used to pay premiums?

IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:

- Will you pay surrender charges on your old contract?
- What are the interest rate guarantees for the new contract?
- Have you compared the contract charges or other policy expenses?

OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:

- What are the tax consequences of buying the new policy?
- Is this a tax free exchange? (See your tax advisor.)
- Is there a benefit from favorable “grandfathered” treatment of the old policy under the federal tax code?
- Will the existing insurer be willing to modify the old policy?
- How does the quality and financial stability of the new company compare with your existing company?

EXHIBIT B

(To be used where the existing and proposed policies are written by the same company.)

(Name, address and telephone number of the insurance company)

IMPORTANT NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE

Our agent and/or broker is recommending that you purchase a life insurance policy from us. In connection with this purchase, you have indicated either as a result of his recommendation or at your own initiative, that you may terminate or change your existing policy issued by our company or that you may obtain a loan from our company against your existing policy to pay premiums on the proposed policy. Any of these actions is a replacement of life insurance. This notice must be given to you, along with a Comparative Information Form which includes preliminary information comparing the proposed policy with your existing policy to be replaced. Please read this notice and the Comparative Information Form carefully.

Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and of your existing insurance coverage.

To this end, we are required to give you a Policy Summary including complete information on the proposed policy no later than when the policy is delivered to you. In addition, we will at your request, furnish you additional information concerning your existing policy. You may want to discuss your purchase with other advisors. The information you receive will be of value to you in reaching a final decision.

If either the proposed policy or the existing insurance you intend to replace is a participating policy you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should also recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases.

Under your existing policy, the period of time during which our company could contest the policy because of a material misstatement or omission on your application, or deny coverage for death caused by suicide, may have expired or may expire earlier than it will under the proposed policy. Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and

~~dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.~~

~~If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.~~

~~(ADDITIONAL PARAGRAPH IF TWENTY (20)-DAY MONEY BACK GUARANTEED IS PROVIDED).~~

~~After we have issued your policy, you will have twenty (20) days from the date the new policy is delivered to you to cancel the policy issued on your application and receive back all payments you made to us.~~

CAUTION

~~If, after studying the information made available to you, you do decide to replace the existing life insurance with our company with a new life insurance policy issued by our company, you are urged not to take action to terminate or alter your existing life insurance coverage until after you have been issued the new policy, examined it and have found it acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance for which you have applied, you may find yourself unable to purchase other life insurance or able to purchase it only at substantially higher rates.~~

~~I have received and read a copy of this Replacement Notice.~~

~~(Signed) _____ Date _____~~

APPENDIX B

**NOTICE REGARDING REPLACEMENT
REPLACING YOUR LIFE INSURANCE POLICY OR ANNUITY?**

Are you thinking about buying a new life insurance policy or annuity and discontinuing or changing an existing one? If you are, your decision could be a good one—or a mistake. You will not know for sure unless you make a careful comparison of your existing benefits and the proposed policy or contract’s benefits.

Make sure you understand the facts. You should ask the company or agent that sold you your existing policy or contract to give you information about it.

Hear both sides before you decide. This way you can be sure you are making a decision that is in your best interest.

EXHIBIT C

(Name, address and telephone number
of the insurance company)

IMPORTANT NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE

You have indicated that you intend to replace an existing life insurance policy or policies in connection with the purchase of our life insurance policy. As a result, we are required to send you this notice. Please read it carefully.

Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and your existing insurance coverage.

You may want to contact your existing life insurance company or its agent and/or broker for additional information and advice or discuss your purchase with other advisors. The information you receive should be of value to you in reaching a final decision.

If either the proposed policy or the existing insurance you intend to replace is a participating policy, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Under your existing policy, the period of time during which the issuing company could (contest the policy because of material misrepresentation or omission concerning the medical information requested in your application, or)* deny coverage for death caused by suicide, may have expired or may expire earlier than it will under the proposed policy. Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

~~(ADDITIONAL PARAGRAPH IF DIRECT RESPONSE INSURER'S SOLICITATION PROPOSED REPLACEMENT, AND A TWENTY (20) DAY MONEY BACK GUARANTEE IS PROVIDED BY THE INSURER)~~

~~After we have issued your policy, you will have twenty (20) days from the date the new policy is received by you to notify us you are canceling the policy issued on your application and you will receive back all payments you made to us.~~

~~You are urged not to take action to terminate or alter your existing life insurance coverage until you have been issued the new policy, examined it and have found it acceptable to you.~~

~~* Use bracketed language only when the application asks health questions.~~

APPENDIX C

**IMPORTANT NOTICE:
REPLACEMENT OF LIFE INSURANCE OR ANNUITIES**

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on the existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy, to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interests. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract? YES NO

2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract? YES NO

Please list each existing policy or contract you are contemplating replacing (include the name of the insurer, the insured, and the policy or contract number if available) and whether each policy or contract will be replaced or used as a source of financing:

<u>INSURER NAME</u>	<u>CONTRACT OR POLICY #</u>	<u>INSURED OR ANNUITANT</u>	<u>REPLACED (R) OR FINANCING (F)</u>
<u>1.</u>			
<u>2.</u>			
<u>3.</u>			

Make sure you know the facts. Contact your existing company or its agent for information about the old policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

I certify that the responses herein are, to the best of my knowledge, accurate:

Applicant's Signature and Printed Name _____ Date _____

A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the company or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract. This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

PREMIUMS: Are they affordable?
Could they change?
You're older—are premiums higher for the proposed new policy?
How long will you have to pay premiums on the new policy? On the old policy?

POLICY VALUES: New policies usually take longer to build cash values and to pay dividends.
Acquisition costs for the old policy may have been paid, you will incur costs for the new one.
What surrender charges do the policies have?

What expense and sales charges will you pay on the new policy?
Does the new policy provide more insurance coverage?

INSURABILITY: If your health has changed since you bought your old policy, the new one could cost you more, or you could be turned down.
You may need a medical exam for a new policy.
Claims on most new policies for up to the first two years can be denied based on inaccurate statements.
Suicide limitations may begin anew on the new coverage.

IF YOU ARE KEEPING THE OLD POLICY AS WELL AS THE NEW POLICY:

How are premiums for both policies being paid?
How will the premiums on your existing policy be affected?
Will a loan be deducted from death benefits?
What values from the old policy are being used to pay premiums?

IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:

Will you pay surrender charges on your old contract?
What are the interest rate guarantees for the new contract?
Have you compared the contract charges or other policy expenses?

OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:

What are the tax consequences of buying the new policy?
Is this a tax free exchange? (See your tax advisor.)
Is there a benefit from favorable “grandfathered” treatment of the old policy under the federal tax code?
Will the existing insurer be willing to modify the old policy?
How does the quality and financial stability of the new company compare with your existing company?

EXHIBIT D

(Name, address and telephone
number of insurance company)

COMPARATIVE INFORMATION FORM

Name of Proposed Insured _____ Address _____ Date of Birth _____

~~GENERAL INFORMATION - EXISTING LIFE INSURANCE - PROPOSED LIFE INSURANCE~~

Name of Company _____
 Policy Number _____
 Basic Policy Generic Name _____
 Name of Basic Policy _____
 Rider 1; Generic Name _____
 Rider 2; Generic Name _____
 Rider 3; Generic Name _____
 Issue Age _____
 Date of Issue _____
 Contestable Period Expires _____
 Suicide Clause Expires _____

	Premium	Age	Age	Premium	Age	Age
Death Benefits	Mode: Amount	Payable to	Death Benefit	Mode: Amount	Payable to	Death Benefit
			Benefit Ceases			Benefit Ceases
Basic Policy	\$ _____		\$ _____	\$ _____		\$ _____
Rider 1	\$ _____		\$ _____	\$ _____		\$ _____
Rider 2	\$ _____		\$ _____	\$ _____		\$ _____
Rider 3	\$ _____		\$ _____	\$ _____		\$ _____
Accidental						
Death Benefit	\$ _____		\$ _____	\$ _____		\$ _____
Option to Purchase	\$ _____		\$ _____	\$ _____		\$ _____
Additional Insurance			(Option Ages _____)			(Option Ages _____)
Waiver of Premium Benefit	\$ _____		\$xxx	\$ _____		\$xxx
Disability Income Benefit	\$ _____		\$xxx	\$ _____		\$xxx
			(Monthly Income: _____)			(Monthly Income: _____)
			\$ _____)	\$ _____		\$ _____)
Total Current Premium	\$ _____					

	*GUARANTEED *	*GUARANTEED *
CASH VALUES/DIVIDENDS	CASH VALUE	DIVIDENDS
Currently (last policy anniversary)	\$	\$
1 year hence	\$	\$
5 years hence	\$	\$
10 years hence	\$	\$
At age 65	\$	\$
	*Current Death Benefit of	\$
	Div. Adds	
	*Current Cash Value of	\$
	Div. Adds	
	*Current Accum. Div	\$
	*Current Policy Loan	\$
	Maximum Policy Loan	Maximum Policy Loan
	Interest Rate _____ %	Interest Rate _____ %

~~*Dividends are based on the _____ current (19__) scale. *Dividends are based on the _____ current (19__) scale.~~

~~* Dividends, policy loan and certain guaranteed cash value information concerning your existing insurance may not be known to our agent or broker. Dividends are not guaranteed. However, they may materially reduce the cost of insurance and are an important factor to consider. Thus, if dividends or other figures have been omitted from this Comparative Information Form, you should not reach a final decision to replace your existing insurance until you have them. You may obtain the omitted figures from the company that issued your existing policy. We will notify that company of you intent to replace your existing policy.~~

AGENT'S AND/OR BROKER'S STATEMENT

1. The primary reasons for my recommending the proposed replacement of existing life insurance by new life insurance are:

2. My recommendations as to the existing life insurance is that it be:

____ Not Changed ____ Lapsed ____ Surrendered ____ Reduced Paid Up
____ Extended Term ____ Other (Explain) _____
Borrowed Upon (Explain and state the amount to be borrowed) _____

3. The existing life insurance does not meet the insured/buyer's needs for insurance because.†

†Specific reasons must be given. For example, if you believe the existing life insurance cannot meet the insured/buyer's needs you must specify why you think it does not.

INSTRUCTIONAL NOTES FOR AGENT AND/OR BROKER

1. Existing life insurance must be identified by name of insurer and the policy number. In the event that a policy number has not been assigned by the existing insurer, alternative identification information such as an application or receipt number must be shown.

2. If the premium for the basic policy or any rider or benefit changes; indicate the changes; attached schedule, if necessary.

3. If the death benefit for the basic policy or any rider or benefit changes, indicate the changes; attach schedules, if necessary.

4. If the premium for benefits is not separable from the premium for the basic policy, insert "Included" in Basic Policy Premium.

5. If more than one existing life insurance policy is to be replaced, a separate Comparative Information Form is to be provided for each such policy, or separate information is to be provided in one Comparative Information Form for each such policy, and a summary of all the separate policy information must also be included to the extent possible.

AGENT'S AND/OR BROKER'S CERTIFICATION

I hereby certify that prior to taking an application for a policy, I have provided the applicant with the Notice Regarding Replacement of Life Insurance and that the information in this Comparative Information Form is true and correct to the best of my knowledge and belief.

(Signature of Agent and/or Broker) _____ (Date)

I have received and read a copy of this Comparative Information Form.

(Signature of Agent) _____ (Date)