|  |
| --- |
| **Maine Bureau of Insurance** |
| Form Filing Review Requirements Checklist |
| TOI - L08 |
| Illustrations  |
| Revised –  |
| Carriers must confirm compliance and IDENTIFY the LOCATION (Form number, Page number, Section, Paragraph, etc.) of the standard in the form in the last column. Any response of N/A requires that a carrier explain why the requirement is not applicable. |
| This checklist is intended to provide a summary of State and Federal requirements for the TOI listed above. Please see the laws/rules referenced in the checklist below for the full requirement. |

|  |  |  |  |
| --- | --- | --- | --- |
| **REVIEW REQUIREMENTS** | **REFERENCES** |  | **COMPLIANCE** |
| **GENERAL SUBMISSION REQUIREMENTS** |  |  |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(D) | 1. The illustration actuary shall file a certification with the board and with the superintendent. Annually for all policy forms for which illustrations are used; and before a new policy form is illustrated2. If an illustration actuary is unable to certify the scale for any policy form illustration the insurer intends to use, the actuary shall notify the board of directors of the insurer and the superintendent promptly of his or her inability to certify. |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(F) | A responsible officer of the insurer, other than the illustration actuary, shall certify annually1. That the illustration formats meet the requirements of this Rule and that the scales used in insurer-authorized illustrations are those scales certified by the illustration actuary; and2. That the company has provided its producers with information about the expense allocation method used by the company in its illustrations and disclosed as required in subsection C (6) of this section. |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(H) | If an insurer changes the illustration actuary responsible for all or a portion of the company's policy forms, the insurer shall notify the superintendent of that fact promptly and disclose the reason for the change. |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(G) | The annual certifications shall be provided to the Superintendent each year by a date determined by the insurer |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(A) | The board of directors of each insurer shall appoint one or more illustration actuaries. |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(B) | The illustration actuary shall certify that the disciplined current scale used in illustrations is in conformity with the Actuarial Standard of Practice for Compliance with the NAIC Model Regulation on Life Insurance Illustrations promulgated by the Actuarial Standards Board, and that the illustrated scales used in insurer-authorized illustrations met the requirements of this Rule. |  |
| Annual Certification | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 11(C) | The illustration actuary shall:1. Be a member in good standing of the American Academy of Actuaries2. Be familiar with the standard of practice regarding life insurance policy illustrations(3) Not have been found by the Superintendent, following appropriate notice and hearing to have:a. Violated any provision of, or any obligation imposed by, the insurance law or other law in the course of his or her dealings as an illustration actuary;b. Been found guilty of fraudulent or dishonest practices;c. Demonstrated his or her incompetence, lack of cooperation, or untrustworthiness to act as an illustration actuary; ord. Resigned or been removed as an illustration actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of a failure to adhere to generally acceptable actuarial standards;4. Not fail to notify the superintendent of any action taken by a commissioner of another state similar to that under paragraph 3 above;5. Disclose in the annual certification whether, since the last certification, a currently payable scale applicable for business issued within the previous five (5) years and and within the scope of the certification has been reduced for reasons other than changes in the experience factors underlying the disciplined current scale. If non-guaranteed elements illustrated for new policies are not consistent with those illustrated for similar in force policies, this must be disclosed in the annual certification. If non-guaranteed elements illustrated for both new and in force policies are not consistent with the non-guaranteed elements actually being paid, charged or credited to the same or similar forms, this must be disclosed in the annual certification; and6. Disclose in the annual certification the method used to allocate overhead expenses for illustrations:a. Fully allocated expenses;b. Marginal expenses; orc. A generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the NAIC or by the superintendent. |  |
| Annual Report; Notice to Policy Owners | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 10(D) | If an adverse change in non-guaranteed elements that could affect the policy has been made by the insurer since the last annual report, the report shall contain a notice of that fact and the nature of the change prominently displayed. |  |
| Annual Report; Notice to Policy Owners | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 10(B) | If the annual report does not include an inforce illustration, it shall contain the following notice displayed prominently: "IMPORTANT POLICY OWNER NOTICE: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annual request, without charge, such an illustration by calling [insurer's phone number], writing to [insurer's name] at [insurer's address] or contacting your agent. If you do not receive a current illustration of your policy within 30 days from your request, you should contact your state insurance department." The insurer may vary the sequential order of the methods for obtaining an in force illustration. |  |
| Annual Report; Notice to Policy Owners | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 10(A) | In the case of a policy designated as one for which illustrations will be used, the insurer shall provide each policy owner with an annual report on the status of the policy that shall contain at least the following information:1. For UL policies, the report shall include the following:a. The beginning and end date of the current period;b. The policy value at the end of the previous report period and at the end of the current report period;c. The total amounts that have been credited or debited to the policy value during the current report period, identifying each by type (e.g. interest, mortality, etc.)d. The current death benefit at the end of the current report period on each life covered by the policye. The net cash surrender value of the policy as of the end of the current report periodf. The amount of outstanding loans, if any, as of the end of the current report period; andg. For fixed premium policies: If, assuming guaranteed interest, mortality and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report; or h. For flexible premium policies: If, assuming guaranteed interest, mortality and expense loads, the policy's net cash surrender value will not maintain insurance inforce until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report. 2. For all other policies, where applicable:a. Current death benefitb. Annual contract premiumc. Current cash surrender valued. Current dividende. Application of current dividend; andf. Amount of outstanding loan3. Insurers writing life insurance policies that do not build nonforfeiture values shall only be required to provide an annual report with respect to these policies for those years when a change has been made to non-guaranteed policy elements by the insurer. |  |
| Annual Report; Notice to Policy Owners | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 10(C) | Upon request of the policy owner, the insurer shall furnish an in force illustration of current and future benefits and values consistent with the requirements of the General Rules and Prohibitions and Standards for Basic Illustrations. No signature or other acknowledgment of receipt of this illustration shall be required. |  |
| Delivery of Illustration and Record Retention | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 9(A) | 1. If a basic illustration is used by an insurance producer or other authorized representative of the insurer in the sale of a life insurance policy is applied for as illustrated, a copy of that illustration, signed in accordance with this Rule, shall be submitted to the insurer at the time of policy application. A copy also shall be provided to the applicant at the time of application except as provided in paragraph (2).2. Where a computer screen illustration is used and no hard copy is furnished at the time of application, an acknowledgement, signed by the applicant and producer, should be obtained and submitted with the application, conforming to the following requirements:a. The personal and policy information on which the computer screen illustration shall be itemized in accordance with the General Rulesb. An acknowledgment shall be obtained so that the applicant is aware that a copy of an illustration conforming to the policy as issued will be provided to him or her no later than at the time of policy delivery. One copy of the signed acknowledgment will be left with the applicant and one copy will be submitted with the application. 3. If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be sent with the policy. The revised illustration shall conform to the requirements of this Rule, shall be labeled "Revised Illustration" and shall be signed and dated by the applicant or policy owner and producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy shall be provided to the insurer and policy owner. |  |
| Delivery of Illustration and Record Retention | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 9(B) | 1. If no illustration is used by an insurance producer or other authorized representative in the sale of a life insurance policy or if the policy is applied for other than as illustrated, the producer or representative shall certify to that effect in writing on a form provided by the insurer. ON the same form the applicant shall acknowledge that no illustration conforming to the policy applied for was provided and shall further acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. This form shall be submitted to the insurer at the time of policy application.2. If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner. |  |
| Delivery of Illustration and Record Retention | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 9(D) | A copy of the basic illustration and a revised basic illustration, if any, signed as applicable, along with any certification that either no illustration was used or that the policy was applied for other than illustrated, shall be retained by the insurer until three (3) years after the policy is no longer in force. A copy need not be retained if no policy is issued. |  |
| Delivery of Illustration and Record Retention | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 9(C) | If the basic illustration or revised illustration is sent to the applicant or policyowner by mail from the insurer, it shall include instructions for the applicant or policy owner to sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this subsection shall be satisfied if it can demonstrate that it has made a diligent effort to secure a signed copy of the numeric summary page. This 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 numeric summary page. |  |
| Delivery of Illustration and Record Retention | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 9(E) | Regardless of whether the policy is designated to be marketed with an illustration, a Life Insurance Buyer's Guide must be provided if required by Rule Chapter 240. If the policy solicited is designated to be marketed with an illustration, either the "Life Insurance Buyer's Guide" published by the NAIC or the "Life Insurance Buyer's Guide" prescribed by Appendix A of Rule Chapter 240 must be used. If the policy solicited is designated to be marketed without an illustration, then the Life Insurance Buyer's Guide prescribed by Appendix A of Rule Chapter 240 must be used. |  |
| General Rules on Use of Illustrations | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 6(B) | When using an illustration in the sale of a life insurance policy, an insurer or its producers or other authorized representatives shall not:1. Represent the policy as anything other than a life insurance policy;2. Use or describe non-guaranteed elements in a manner that is misleading or has the capacity or tendency to mislead;3. State or imply that the payment or amount of non-guaranteed elements is guaranteed;4. Use an illustration that does not comply with the requirements of this Rule;5. Use an illustration that at any policy duration depicts policy performance more favorable to the policy owner than the lesser of:a. The disciplined current scale; orb. The currently payable scale6. Provide an applicant with an incomplete illustration;7. Represent in any way that the premium payments will not be required for each year of the policy in order to maintain the illustrated death benefits, unless that is the fact;8. Use the term "vanish" or "vanishing premium," or a similar term that implies the policy becomes paid up, to describe a plan for using non-guaranteed elements to pay a portion of future premiums;9. Except for policies that can never develop nonforfeiture values, use an illustration that is "lapse-supported;" or10. Use an illustration that is not "self-supporting." |  |
| Identification on Policy Forms | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) | Policy forms to be marketed with an illustration shall be identified.If a policy form is to be marketed with an illustration, a basic illustration is required to be filed. |  |
| Interest rate used to determine illustrated non-guaranteed elements | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 6(C) | If an interest rate used to determine the illustrated non-guaranteed elements is shown, it shall not be greater than the earned interest rate underlying the disciplined current scale. |  |
| Narrative Summary | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 7(B) | A basic illustration shall include the following:1. A brief description of the policy being illustrated, including a statement that it is a life insurance policy;2. A brief description of the premium outlay or contract premium, as applicable, for the policy. For a policy that does not require payment of a specific contract premium, the illustration shall show the premium outlay that must be paid to guarantee coverage for the term of the contract, subject to maximum premiums allowable to qualify as a life insurance policy under the IRC;3. A brief description of any policy features, riders or options, guaranteed or non-guaranteed, shown in the basic illustration and the impact they may have on the benefits and values of the policy;4. Identification and a brief definition of column headings and key terms used in the illustration; and5. A statement containing in substance the following: "This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown." |  |
| Notice in Supplemental Illustration | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 8(A) | The supplemental illustration shall include a notice referring the basic illustration for guaranteed elements and other important information. |  |
| Numeric Summary | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 7(C) | Following the narrative summary, a basic illustration shall include a numeric summary of the death benefits and values and the premium outlay and contract premium, as applicable. For a policy that provides for a contract premium, the guaranteed death benefits and values shall be based on the contract premium. This summary shall be shown for at least policy years five (5), ten (10), and twenty (20), and at age 70, if applicable, on the three bases shown below. For multiple life policies the summary shall show policy years five (5), ten (10), twenty (20), and thirty (30).a. Policy guarantees;b. Insurer's illustrated scale;c. Insurer's illustrated scale used but with the non-guaranteed elements reduced as follows:(i) Dividends at fifty percent (50%) of the dividends contained in the illustrated scale used;(ii) Non-guaranteed credited interest at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used; and(iii) All non-guaranteed charges including, but not limited to, term insurance charges, mortality, and expense charges, at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used.In addition, if coverage would cease prior to policy maturity or age 100, the year in which coverage ceases shall be identified for each of the three bases. |  |
| Required Basic Information | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 6(A) | General Rules and ProhibitionsAn illustration used in the sale of a life insurance policy shall be clearly labeled "life insurance illustration: and contain the following basic information:1. Name of insurer;2. Name and business address of producer or insurer's authorized representative, if any;3. Name, age, and sex of proposed insured;4. Underwriting or rating classification upon which the illustration is based;5. Generic name of policy, the company product name, if different, and form number;6. Initial death benefit; 7. Dividend option election or application of non-guaranteed elements, if applicable. |  |
| Standards for Basic Illustrations | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 7(A) | Format: A basic illustration shall conform to the following requirements:1. The illustration shall be labeled with the date on which it was prepared.2. Each page, including any explanatory notes or pages, shall be numbered and show its relationship to the total number of pages in the illustration.3. The assumed dates of payment receipt and benefit payout within a policy year shall be clearly identified.4. If the age of the proposed insured is shown as a component of the tabular detail, it shall be issue age plus the number of years the policy is assumed to have been inforce.5. The assumed payments on which the illustrated benefits and values are based shall be identified as premium outlay or contract premiums, as applicable.For policies that do not require a specific contract premium, the illustrated payments shall be identified as premium outlay.6. Guaranteed death benefits and values available upon surrender, if any, for the illustrated premium outlay or contract premium shall be shown and clearly labeled.7. If the illustration shows any non-guaranteed elements, the illustrated scale must comply with the General Rules and Prohibitions. These elements must be clearly labeled non-guaranteed.8. The guaranteed elements, if any, shall be shown before corresponding non-guaranteed elements and shall be specifically referred to on any page of an illustration that shows or describes only the non-guaranteed elements (e.g., "see page one for guaranteed elements.")9. The account or accumulation value of a policy, if shown, shall be identified by the name this value is given in the policy being illustrated and shown in close proximity to the corresponding value available upon surrender.10. The value available upon surrender shall be identified by the name this value is given in the policy being illustrated and shall be the amount available to the policy owner in a lump sum after deduction of surrender charges, policy loans and policy loan interest, as applicable.11. Illustrations may show policy benefits and values in graphic or chart form in addition to the tabular form.12. Any illustration of non-guaranteed elements shall be accompanied by a statement indicating that: a) The benefits are not guaranteed;b) The assumptions on which they are based are subject to change by the insurer; andc) Actual results may be more or less favorable.13. If the illustration shows that the premium payer may have the option to allow policy charges to be paid using non-guaranteed values, the illustration must clearly disclose that a charge continues to be required and that, depending on actual results, the premium payer may need to continue or resume premium outlays. Similar disclosure shall be made for premium outlay of lesser amounts or shorter durations than the contract premium. If a contract premium is due, the premium outlay display shall not be left blank or show zero unless accompanied by an asterisk or similar mark to draw attention to the fact that the policy is not paid up.14. If the applicant plans to use dividends or policy values, guaranteed or non-guaranteed, to pay all or a portion of the contract premium or policy charges, for any other purpose, the illustration may reflect those plans and the impact on future policy benefits and values. |  |
| Statements | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 7(D) | Statements substantially similar to the following shall be included on the same pate as the numeric summary and signed by the applicant, or the policy owner in the case of an illustration provided at time of delivery.1. A statement to be signed and dated by the applicant or policy owner reading as follows: "I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could either be higher or lower. The agent has told me they are not guaranteed."2. A statement to be signed and dated by the applicant or policy owner reading as follows: "I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with this illustration." |  |
| Supplemental Illustrations | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 8(A) | A supplemental illustration may be provided so long as:1. It is appended to, accompanied by, or preceded by a basic illustration that complies with this Rule 2. The non-guaranteed elements shown are not more favorable to the policy owner than the corresponding elements based on the scale used in the basic illustration3. It contains the same statement required of a basic illustration that non-guaranteed elements are not guaranteed; and4. For a policy that has a contract premium, the contract premium underlying the supplemental illustration is equal to the contract premium shown in the basic illustration. For policies that do not require a contract premium, the premium outlay underlying the supplemental illustration shall be equal to the premium outlay shown in the basic illustration. |  |
| Tabular Detail | [Rule 910](https://www.maine.gov/sos/cec/rules/02/031/031c910.doc) § 7(E) | 1. A basic illustration shall include the following for at least each policy year from one (1) to ten (10) and for every fifth year thereafter ending at age 100, policy maturity or final expiration; and except for term insurance beyond the 20th year, for any year in which the premium outlay and contract premium, if applicable, is to change:a) The premium outlay and mode the applicant plans to pay and the contract premium, as applicable;b) The corresponding guaranteed death benefit, as provided in the policy; andc) The corresponding guaranteed value available upon surrender, as provided in the policy.2. For a policy that provides for a contract premium, the guaranteed death benefit and value available upon surrender shall correspond to the contract premium.3. Non-guaranteed elements may be shown if specifically described in the contract. In the case of an illustration for a policy on which the insurer intends to credit terminal dividends, they may be shown if the insurer's current practice is to pay terminal dividends. If any non-guaranteed elements are shown they must be shown at the same durations as the corresponding guaranteed elements, if any. If no guaranteed benefit or value is available at any duration for which a non-guaranteed benefit or value is shown, a zero shall be displayed in the guaranteed column. |  |