

LIFE INSURANCE (C3) SUBCOMMITTEE

Reference:

- 1979 Proc. I p. 553
- 1979 Proc. II p. 468

J. Richard Barnes, Chairman -- Colorado  
 Richard S. Baldwin, Acting, Vice-Chairman - Iowa

AGENDA

1. Report of the Standard Nonforfeiture and Reserve Valuation Laws Task Force.
2. Report of the Life Insurance Cost Disclosure Task Force.
3. Report of the Task Force on Revision of Group Life Insurance Model Laws.
4. Report of the Task Force to Evaluate the NAIC Model Life Insurance Solicitation Regulation.
5. Group accident and sickness conversion privileges.
6. Change of carriers for group health insurance.
7. Integration of Social Security Benefits with LTD.
8. Workers comp. exclusion.
9. Any other matters brought before the subcommittee.

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The Life Insurance (C3) Subcommittee met in the Sacramento Room of the Bonaventure Hotel in Los Angeles, California, at 1:00 p.m. on December 3, 1979. All members were present or represented except Iowa, Guam and Maryland.

The chairman noted that items 5, 6, 7 and 8 on the agenda have been moved to the Accident and Health (C1) Subcommittee agenda for discussion on Wednesday at 9:00 a.m.

LIFE INSURANCE (C3) SUBCOMMITTEE

Reference:

- 1979 Proc. II, p. 468
- 1980 Proc. I, p. 515

- H. Pete Hudson, Chairman – Indiana
- J. Richard Barnes, Vice-Chairman – Colorado

AGENDA

1. Report of the Life Insurance Cost Disclosure Task Force.
2. Report of the Model Group Life Insurance Law Task Force.
3. Report of the Task Force to Evaluate the Model Life Insurance Solicitation Regulation.
4. Status report re study on advisability of the use of dynamic (or floating) interest rates of mortgage loans.
5. Any other matters brought before the subcommittee.

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## LIFE INSURANCE (C3) SUBCOMMITTEE

## Reference:

1980 Proc. I p. 515  
1980 Proc. II p. 663

H. Pete Hudson, Chairman — Indiana  
J. Richard Barnes, Vice-Chairman — Colorado

## AGENDA

1. Report on the Task Force on Manipulation, Lapsation, Dividend Practices and Annuity Disclosure.
2. Report of the Model Group Life Insurance Law Task Force.
3. Report of the Task Force on Life Insurance Cost Disclosure.
4. Report of the Task Force on Policy Loan Interest Rates.
5. Report of the (C4) Technical Subcommittee.
6. Any other matters brought before the subcommittee.

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## LIFE INSURANCE (C3) SUBCOMMITTEE

## Reference:

1980 Proc. II p. 663  
1981 Proc. I p. 515

J. Richard Barnes, Chairman – Colorado  
Lyndon Olson, Jr., Vice-Chairman – Texas

## AGENDA

1. Report of the Task Force on Manipulation, Lapsation, Dividend Practices and Annuity Disclosure.
2. Report of the Task Force on Model Group Life Insurance Law.
3. Report of the Task Force on Life Insurance Cost Disclosure.
4. Report of the (C4) Technical Subcommittee.
5. Any other matters brought before the subcommittee.

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The Life Insurance (C3) Subcommittee convened in the Columbus Room, Detroit Plaza Hotel in Detroit, Michigan, on June 10, 1981, at 9:10 a.m. Committee members present: Colorado, Texas, Arkansas, Georgia, Indiana, Illinois, and Nevada. Absent: South Carolina and Utah.

1. Report of the Task Force on Manipulation, Lapsation, Dividend Practices and Annuity Disclosure

The detailed report of the task force had been produced and was available for review by all interested persons (Attachment One). It was received. The Advisory Committee on Policy Lapsation has proposed a disclosure system and a computer program which will make it possible to determine when a company's lapsation rate is getting out line, and provide a warning sign to indicate where special attention is needed.

The Advisory Committee on Dividend Practices reported that the Academy of Actuaries has developed standards and suggested disclosure procedures. The process of exposure of the proposal will soon begin with adoption to be considered at a later time.

## LIFE INSURANCE (A) COMMITTEE

Reference: Formerly part of Life Accident and Health (C) Committee  
 1981 Proc. I p. 420  
 1981 Proc. II p. 558  
 Credit Insurance (C2) Subcommittee  
 1981 Proc. I p. 488  
 1981 Proc. II p. 641  
 Life Insurance (C3) Subcommittee  
 1981 Proc. I p. 515  
 1981 Proc. II p. 643  
 Life, Accident and Health Insurance (C4) Technical Subcommittee  
 1981 Proc. I p. 793  
 1981 Proc. II p. 767

Lyndon L. Olson, Jr., Chairman — Texas  
 Richard G. Shaw, Vice-Chairman — West Virginia

## AGENDA

1. Report of the Life Insurance Cost Disclosure Task Force.
2. Report of the Manipulation, Lapsation, Dividend Practices and Annuity Disclosure Task Force.
3. Report of the Group Life and Health Insurance Task Force.
4. Report of the Home Service Life and Health Insurance Task Force.
5. Any other matters brought before the committee.

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The Life Insurance (A) Committee met in the Grand Ballroom C of the New Orleans Hilton in New Orleans, Louisiana following the (E) Committee on December 17. A quorum was present and Lyndon Olson, Jr. chaired the meeting. The following committee members or their representatives were present: Lyndon Olson, Jr., Chairman (Texas); Richard G. Shaw, Vice Chairman (West Virginia); Robert C. Quinn (California); J. Richard Barnes (Colorado); Joseph C. Mike (Connecticut); Johnnie L. Caldwell (Georgia); Michael L. Browne (Pennsylvania); Roger C. Day (Utah); and Susan Mitchell (Wisconsin).

The Life Insurance (A) Committee met in the Canadian Ballroom of the Franklin Plaza in Philadelphia, Pennsylvania, at 1:30 p.m. on June 10, 1982. A quorum was present, consisting of: J. Richard Barnes, chairman, Colorado; James R. Montgomery III, vice-chairman, District of Columbia; Robert C. Quinn, California; Johnnie L. Caldwell, Georgia; Walter D. Weaver, Nebraska; Albert B. Lewis, New York; and Josephine M. Driscoll, Oregon. Not represented were Arkansas and Wisconsin.

The chairman reported that on Monday morning, June 7, the chairpersons of certain task forces reporting to this committee, and of the Securities and Insurance Regulation (EX) Task Force, met to discuss the problems of overlapping activities, with the objective of eliminating duplicate effort. As a result of this meeting, new directives will go to each task force which is continued, specifically outlining its mission. It will establish a reporting date of September 19 in Nashville with a final report targeted for the week of November 28 in Dallas. The chairman reported that the (A) Committee met on April 6, 1982 in Oklahoma City, Oklahoma. (Attachment One) *[Editor's Note – The Executive Committee noted that the (A) Committee report from Oklahoma City was adopted. See p. 14 ]*

#### 1. Report of the Life Cost Disclosure Task Force

The Life Cost Disclosure (A) Task Force reported meeting on June 8. The chairman read a statement which referred to the historical background of the task force and its progress to date. They voted to receive a proposed revision of the NAIC Life Insurance Solicitation Model Regulation submitted by the staff of ACLI with no task force status. This proposal then begins the study of all pertinent information relative to the subject matter of cost disclosure which will, hopefully, be concluded by a task force recommendation at the November meeting in Dallas, Texas. All parties were encouraged to submit to the task force material which can be considered by it in future deliberations.

It was pointed out that the attachments to the task force report had been erroneously collated, but would be corrected before inclusion in the printed Proceedings. Pages 8 through about 47 are from a different report.

The committee received the report, and recommended continuation of the task force for the balance of 1982.

#### 2. Report of the Manipulation, Lapsation, Dividend Practices, and Annuity Disclosure Task Force

Erma Edwards presented the report on behalf of Commissioner Redmond. Jim Montgomery of the District of Columbia questioned the recommendations of the American Council of Life Insurance as reported in the task force report. John Booth of ACLI indicated that they had a concern with obsolete rates of return which may be shown on annuity presentations.

He also indicated a serious concern that, if the rates of return were required to be shown in each instance, the SEC may well interpret that some of the annuity products are securities and subject to its regulation.

Al Alpert of New York questioned the report on lapsation material being published and made public. It was indicated that the task force did not intend that the material be used in sales presentations, but that it should be available to commissioners for their regulatory use.

## LIFE INSURANCE (A) COMMITTEE

### Reference:

1982 Proc. I p. 343  
1982 Proc. II p. 352

J. Richard Barnes, Chairman – Colorado  
James R. Montgomery, III, Vice-Chairman - District of Columbia

### AGENDA

1. Report of the Group Life and Health Insurance Task Force.
2. Report of the Home Service Life and Health Insurance Task Force.
3. Report of the Life Cost Disclosure Task Force.
4. Report of the Manipulation, Lapsation, Dividend Practices and Annuity Disclosure Task Force.
5. Report of the Universal Life Insurance Task Force.
6. Report of the Variable Life Insurance Task Force.
7. Any other matters brought before the committee.

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## LIFE INSURANCE (A) COMMITTEE

## Reference:

1982 Proc. II p. 352  
1983 Proc. I p. 446

Josephine M. Driscoll, Chairman—Oregon  
J. Richard Barnes, Vice-Chairman—Colorado

## AGENDA

1. Review and adopt Baltimore minutes.
2. Report of Life Cost Disclosure Task Force.
3. Report of Manipulation, Lapsation, Dividend Practices, and Annuity Disclosure Task Force.
4. Report of Universal Life Task Force.
5. Report of Life, Accident and Health Technical Actuarial Group.
6. Any other matters brought before the committee.

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Semi-annual report of the Life, Accident and Health Insurance Technical Staff Actuarial Group (Attachment Two) . . . . .	557

The Life Insurance (A) Committee was called to order at 1:30 p.m. in the Illinois Room at the Stouffer's Riverfront Towers in St. Louis, Missouri on June 16, 1983. A quorum was present and Commissioner Josephine M. Driscoll of Oregon chaired the meeting. The following member states were represented: Oregon, Colorado, Iowa, Nebraska, North Dakota, Virginia, and Wisconsin.

1. Baltimore Minutes

The committee received and adopted the minutes of the Baltimore meeting (Attachment One).

2. Report of Life Cost Disclosure Task Force

The report of the Life Cost Disclosure Task Force was presented by Commissioner J. Richard Barnes. The report was received and adopted. Jack Blaine, representing the American Council of Life Insurance (ACLI), commented on the model industrial life bill. He offered to propose some language which would encourage consumer shopping and agreed to submit a statement to the Life Cost Disclosure Task Force for exposure at the next NAIC meeting, with possible adoption at the Winter meeting of the NAIC in December.

3. Report of the Manipulation, Lapsation, Dividend Practices and Annuity Disclosure Task Force

The report of the Manipulation, Lapsation, Dividend Practices, and Annuity Disclosure Task Force was presented by Ted Becker of the Texas State Board of Insurance. The report was received and adopted.



## LIFE INSURANCE (A) COMMITTEE

### Reference:

1983 Proc. I p. 446  
1983 Proc II p. 554

Josephine M. Driscoll, Chairman – Oregon  
J. Richard Barnes, Vice-Chairman – Colorado

### AGENDA

1. Model Group Life Definition/Model Act on Mass Marketing.
2. Report of Life Cost Disclosure Task Force.
3. Report of Universal and New Life Products Task Force.
4. Report of Life, Accident and Health Technical Actuarial Group.
5. Any Other Matters Brought Before the Committee.

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The Life Insurance (A) Committee was called to order at 11 a.m. in the Golden West Room of the Town and Country Hotel in San Diego, California on December 8, 1983. A quorum was present and Josephine M. Driscoll chaired the meeting. The following member states were represented: Oregon, Colorado, District of Columbia, Iowa, Nebraska, North Dakota, Virginia and Wisconsin.

### 1. New Group Life Definitions/Mass Marketing Model Act

A discussion was held concerning possible amendments to the NAIC Group Life Insurance Definitions and Group Life Insurance Standard Provisions Model Act. The discussion centered on the manner in which to address the concern over the possibility for reverse competition in some group markets.

A joint American Council of Life Insurance/Health Insurance Association of America task force recommended the adoption of an amendment to Section II of the Model Act which would require that, with respect to a program of insurance which if issued on a group basis would not qualify under Section I of the Act, certain disclosures regarding compensation paid to a policyholder would be made to prospective insureds.

It was argued by Robert E. Younger, chairman of the advisory committee, that the report of that committee dated Oct. 27, 1982 indicated a better solution was to support adoption by the states of the Model Group Life and Health Act in tandem with the Mass-Marketed Life or Health Insurance Model Act.

It was noted by representatives of the associations that serious division within the industry with respect to the in-tandem approach existed and could present obstacles to passage of the acts by the states.

The Committee adopted the amendment (Attachment One) stating it was its belief that the same kinds of protection as described under Section II should be extended to insureds of groups defined in Section I.

## LIFE INSURANCE (A) COMMITTEE

Reference:

1983 Proc. II p. 554  
1984 Proc. I p. 374

Susan L. Walker, Chairman--S.D.  
Richard G. Shaw, Vice-Chairman--W.Va.

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### AGENDA

1. Update on Potential Tax Revisions
2. Consideration of Consequences of the Use of Consolidated Tax Returns
3. Any Other Matters Brought Before the Task Force

The Life Insurance (A) Committee met in the Grand Ballroom of the Fairmont Hotel in New Orleans, La., at 2:45 p.m. on June 7, 1984. A quorum was present and Director Susan Walker (S.D.) chaired the meeting. The following member states were present: West Virginia, California, District of Columbia, Nebraska, North Dakota and Virginia.

#### 1. Report of the Life Cost Disclosure Task Force

Superintendent Margurite C. Stokes (Washington, D.C.) presented the report of the Life Cost Disclosure Task Force. Superintendent Stokes noted that an advisory committee was appointed to develop a yield index as a first priority item and to study the test limits in the NAIC Life Insurance Disclosure Model.

Upon motion duly made and seconded, the report of the Life Cost Disclosure Task Force was adopted.

#### 2. Report of the Universal Life Task Force

Director Michael Dugan (Neb.) presented the report of the Universal Life Task Force. Director Dugan noted that the task force will be contacting states regarding areas of concern in adoption of the Universal Life Model.

Upon motion duly made and seconded, the report of the Universal Life Task Force was adopted.

#### 3. Interim Report of the Advisory Committee

Samuel C. Cantor, chairman of the advisory committee on Group Life and Group Health Insurance Mass Marketing, gave that committee's interim report. He reported that a detailed proposal

## LIFE INSURANCE (A) COMMITTEE

Reference:

1984 Proc. I p. 374  
1984 Proc. II p. 501

Susan L. Walker, Chairman--S.D.  
Richard G. Shaw, Vice-Chairman--W.Va.

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### AGENDA

1. Report of Life Cost Disclosure Task Force
2. Report of Universal and Other New Plans Task Force
3. Report of the Group Life and Group Health Insurance Advisory Committee
4. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in the Monroe Room of the Washington Hilton in Washington, D.C., at 1 p.m. on Dec. 13, 1984. A quorum was present and Director Susan Walker (S.D.) chaired the meeting. The following members or their representatives were present: Susan L. Walker (S.D.), Richard G. Shaw (W.Va.), Bruce A. Bunner (Calif.), Margurite C. Stokes (D.C.), Michael J. Dugan (Neb.), David A. Gates (Nev.), Louis E. Bergeron (N.H.), J.O. "Bud" Wigen (N.D.) and James M. Thomson (Va.).

#### 1. Report of the Life Cost Disclosure Task Force

Superintendent Margurite Stokes presented the task force report. She stated that the advisory committee working on the yield indexes made an interim report to the task force. Superintendent Stokes further stated that the task force encouraged the advisory committee to have a final report by June, 1985.

The task force also recommended its continuation. Upon motion duly made and seconded, the committee adopted the report.

#### 2. Universal and Other New Plans Task Forces

Director Michael Dugan presented the report of the task force. He reported that the task force received a report from its advisory committee regarding the issues raised by the Life and Health Actuarial (EX5) Task Force. The advisory committee plans to respond by the Williamsburg meeting. The task force also recommended its continuation.

Upon motion duly made and seconded, the task force report was adopted.

#### 3. Report of Group Health and Group Life Insurance Advisory Committees

Sam Cantor presented the report of the advisory committee. The advisory committee recommended that Section 3 of the Model Group Life Insurance Act be amended to include Section 1(E) association groups as follows:

## LIFE INSURANCE (A) COMMITTEE

Reference:

1985 Proc. I p. 550  
1984 Proc. II p. 501

Susan L. Walker, Chairman—S.D.  
Fred E. Wright, Vice-Chairman—W.Va.

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### AGENDA

1. Report of Life Cost Disclosure Task Force
2. Report of Universal and Other New Plans Task Force
3. Report of the Life and Health Actuarial Task Force
4. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in the San Francisco Room of the Hyatt Regency in Kansas City, Mo., at 1 p.m. on June 12, 1985. A quorum was present and Chairman Susan L. Walker chaired the meeting. The following members or their representatives attended: Susan L. Walker (S.D.); Fred E. Wright (W.Va.); Bruce A. Bunner (Calif.); Michael J. Dugan (Neb.); David A. Gates (Nev.); Earl R. Pomeroy (N.D.) and James M. Thomson (Va.).

The minutes of the Williamsburg meeting were adopted (Attachment One). There was a brief discussion for the benefit of the new committee members on the Guideline Concerning the Commissioners' Annuity Reserve Valuation Method that was adopted at the Williamsburg meeting for submission at the June 1985 plenary session. All members unanimously endorsed the recommendation for adoption of the guideline (Attachment One-A).

Chairman Michael Dugan gave the report of the Universal and Other New Plans (A) Task Force. Upon a motion duly made and seconded, the report was received. The committee discussed the proposed Modified Guaranteed Annuity Model Regulation adopted by the task force for action by the Life Insurance (A) Committee. John Montgomery, Chairman of the Life & Health Actuarial Task Force, and John Booth (American Council of Life Insurance) testified in support of the proposed regulation.

Upon a motion duly made and seconded, the Modified Guaranteed Annuity Model Regulation, as amended by the Life and Health Actuarial Task Force, was unanimously adopted for submission to the June 1985 plenary session. (*Attachment One-A of the Report to the Life and Health Actuarial (EX5) Task Force to the Life Insurance (A) Committee.*)

John Montgomery gave the report of the Life Cost Disclosure (A) Task Force. Upon a motion duly made and seconded, the report was received.

The report of the Life & Health Actuarial Task Force was given by Chairman John Montgomery. Upon a motion duly made and seconded, the report was received. Discussion on the task force's recommendation that the Life Insurance (A) Committee express its concern with regard to the proposed federal tax proposal that would limit the deductibility of life reserves by eliminating all reserves in excess of cash values that could result in a serious threat to the solvency of some companies. {*Editor's Note: An excerpt from "President Reagan's Tax Proposals for Fairness, Growth and Simplicity" appears as Attachment One-B to the Life and Health Actuarial (EX5)*

## LIFE INSURANCE (A) COMMITTEE

**Reference:**

1985 Proc. I p. 550  
1985 Proc. II p. 595

Susan L. Walker, Chairman—S.D.  
Fred E. Wright, Vice Chairman—W.Va.

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### AGENDA

1. Report of Life Cost Disclosure Task Force
2. Report of Universal and Other New Plans Task Force
3. Report on AIDS by ACLI
4. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in the Adelphi Room of the MGM Grand Hotel in Reno, Nev., at 3:30 p.m. on Dec. 10, 1985. A quorum was present and Susan L. Walker chaired the meeting. The following committee members or their representatives were present: Susan Walker, Chair (S.D.); Hanley C. Clark, Vice Chair (W.Va.); John Montgomery, (Calif.); Margurite C. Stokes (D.C.); David Krum (Neb.); Earl Pomery (N.D.) and Pete Synnott (Va.).

#### 1. Report of Life Cost Disclosure Task Force

John Montgomery gave the report of the Life Cost Disclosure (A) Task Force. The report included an exposure draft defining the methods of determining a yield index and that it be recommended that the advisory committee develop a model regulation. A motion was made and duly seconded to receive the task force report.

#### 2. Report of Universal and Other New Plans Task Force

David Krum presented the report of the Universal and Other New Plans (A) Task Force. The report included for exposure purposes only two revisions to the Universal Life Model regulation, Section V Valuation and Section VI Minimum Cash Surrender Values for Flexible Premium Universal Life Insurance Plans, and guidelines related to variable life insurance.

#### 3. Report of the Life and Health Actuarial (EX5) Task Force

The Life and Health Actuarial (EX5) Task Force presented eight recommendations. (Attached to the Life and Health Actuarial (EX5) Task Force report.) Recommendations 1, 2 and 4 were received as presented by the task force. Recommendations 5, 6 and 8 were adopted as presented.

Recommendation 3 is concerned with changes in the actuarial opinion that accompanies life and health annual statements. Tony Spano (American Council of Life Insurance) reported that an ACLI survey shows that small companies cannot afford the costs of preparing tests of cash flow that would be required under the proposed change. He also stated that implementing this new requirement would be premature because the actuarial profession has not created standards for performing cash flow analysis. Others also expressed their concern that implementing the task force recommendation at this time would be premature.

Two amendments to task force Recommendation 3 were adopted by the committee. Upon motion duly made and seconded, the implementation date was changed to 1987 and the recommendation will be referred to both the Blanks and the Examination Oversight (EX4) Task Forces to consider its inclusion in the Annual Statement and Examiners Handbook.

**LIFE INSURANCE (A) COMMITTEE**

Reference:

1986 Proc. I p. 626  
 1985 Proc. II p. 595

Susan L. Walker, Chairman—S.D.  
 Margurite C. Stokes, Vice Chairman—D.C.

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June 11, 1986 Report ..... 645

**AGENDA**

1. Report of Universal and Other New Plans Task Force
2. Report of Life Cost Disclosure Task Force
3. Report of Life and Health Actuarial Task Force
4. Report of AIDS Advisory Committee
5. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in Salon E of the Marriott Copley Place Hotel in Boston, Mass., at 9 a.m. on June 11, 1986. A quorum was present and Susan L. Walker (S.D.) chaired the meeting. The following committee members or their representatives were present: Margurite C. Stokes, Vice Chair (D.C.); John Montgomery (Calif.); George F. Grode (Pa.); James M. Thomson (Va.); Fred E. Wright (W.Va.); and Thomas P. Fox (Wis.).

Susan Walker announced that the AIDS Advisory Report will be made only to the Accident and Health Insurance (B) Committee and not to the A Committee as previously indicated. She stated that it was felt not necessary for it to make the same report to both committees. The change was also at the request of the Advisory Committee to comply with some traveling schedules of the members.

1. Report of Universal and Other New Plans Task Force

Alan Lauer (Pa.) gave the report of the Universal and Other New Plans (A) Task Force. He reviewed the six recommendations of the Life and Health Actuarial (EX5) Task Force as adopted and as set forth in paragraphs A through F of the task force minutes. The recommendations include adopting models for exposure and adopting the Illustration Guidelines for Variable Life Insurance and the Modified Guaranteed Life Insurance Regulation as NAIC models at this time.

The Advisory Committee on the Model Universal Life Regulation was invited to review the exposure drafts on the proposed revision to the Universal Life Model and the revision to the minimum cash surrender values for flexible premium universal life policies.

Gilbert V.I. Fitzhugh (Pruco Life Insurance Company) was appointed chair of the Advisory Committee on Indexed Products Other Than Universal Life Insurance.

Upon motion duly made and seconded, the Committee adopted the task force report.

2. Report of Life Cost Disclosure Task Force

It was then clarified that in item 1(C) of the task force report, it was hoped to have the NAIC adopt the Guidelines for Variable Life Nonforfeiture Values in December even if the Universal Life Model Regulation is not complete at that time.

It was announced that the Life Cost Disclosure Task Force did not have a meeting and, therefore, would not be giving a report. Superintendent Stokes asked when the work of this Task Force would be complete. Brad Giles (Wis.) replied that work was progressing and a complete report would be made in December 1986 to the NAIC. The proposed schedule was reiterated by John Montgomery.

## LIFE INSURANCE (A) COMMITTEE

Reference:

1986 Proc. I p. 626  
1986 Proc. II p. 645

Susan L. Walker, Chairman—S.D.  
Margurite C. Stokes, Vice Chairman—D.C.

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### AGENDA

1. Report of Life Cost Disclosure Task Force
2. Report of Universal and Other New Plans Task Force
3. Report of Life and Health Actuarial Task Force
4. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in Salon VIII of the Marriott's Orlando World Center in Orlando Fla., at 3:45 p.m. on Dec. 9, 1986. A quorum was present and Susan L. Walker (S.D.) chaired the meeting. The following committee members or their representatives were present: Margurite C. Stokes, Vice Chair (D.C.); Roxani Gillespie (Calif.); Earl R. Pomeroy (N.D.); George F. Grode (Pa.); James M. Thomson (Va.); and Thomas P. Fox (Wis.).

#### 1. Report of the AIDS Advisory Committee

Initially the AIDS Advisory Committee was formed to jointly coordinate its activities between the Accident and Health Insurance (B) Committee and the Life Insurance (A) Committee. Susan Walker (S.D.) has been involved with the work of the advisory committee since its formation in December 1985. She, therefore, summarized the report which the AIDS Advisory Committee gave to the Accident and Health Insurance (B) Committee. She noted that a consensus was never reached on the testing issue.

The Life Insurance (A) Committee received and adopted the AIDS Advisory Committee report as amended. The amendment consists of the addition of a new section at the end of the guidelines for use by the insurers in screening applications for underwriting purposes, as follows:

##### I. Options to be considered by each state.

Alternative A. Insurers should not be permitted to ask an applicant whether he or she has tested positive on an AIDS-related blood test.

Alternative B. Insurers should be permitted to ask an applicant whether he or she has tested positive on an AIDS-related blood test.

#### 2. Report of Life Cost Disclosure Task Force

Brad Gile (Wis.) presented the report of the Life Cost Disclosure Task Force. The report contained proposals from the Yield Index Advisory Committee as well as the American Academy of Actuaries regarding amendment of language in the current model Life Solicitation Regulations on the use of yield indexes. The task force also recommended continuation.

The committee received the report of the Life Cost Disclosure Task Force. The committee agreed that the task force should continue.

**LIFE INSURANCE (A) COMMITTEE**

**Reference:**

1987 Proc. I p. 609  
 1986 Proc. II p. 645

William D. Hager, Chairman—Iowa  
 Margurite C. Stokes, Vice Chairman—D.C.

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June 25, 1987 Report ..... 625

**AGENDA**

1. Discuss 1987 Charges
2. Discuss Proposed Model Regulation on Life Products Coupled with Annuities
3. Report of Life Cost Disclosure Task Force
4. Report of Universal and Other New Plans Task Force
5. Report of Life and Health Actuarial Task Force
6. Any Others Matters Brought Before the Committee

The Life Insurance (A) Committee met in Salons F/G of the Chicago Marriott in Chicago, Ill., at 10:30 a.m. on June 25, 1987. A quorum was present and William D. Hager (Iowa) chaired the meeting. The following committee members or their representatives were present: Margurite C. Stokes, Vice Chair (D.C.); Roxani Gillespie (Calif.); Sherman A. Bernard (La.); Doyce R. Lee (Texas); and Steven T. Foster (Va.).

1. Discuss 1987 Charges

Commissioner Bill Hager (Iowa) reviewed the 1987 charges. One final item that has been suggested as an additional charge of the committee is to review the sale of prepaid funeral plans as ties with life insurance policies. He requested that commissioners who wish to serve on a subgroup to address this charge contact him. He also asked members of the industry for their interest in serving on an advisory committee to assist in addressing this charge.

2. Report of Life Cost Disclosure Task Force

Commissioner Gil McCarty (Ky.) reported on the activities of the Life Cost Disclosure Task Force. John Montgomery (Calif.) suggested an amendment to the minutes of the Life Cost Disclosure Task Force to reflect that the Yield Index Advisory Committee rather than the Academy of Actuaries redraft its proposed revision to the Life Insurance Disclosure Model Regulation to include a yield index. Upon motion duly made and seconded, this amendment to change the word "Academy" to "Yield Index Advisory Committee" was adopted. Upon motion duly made and seconded, the report of the Life Cost Disclosure Task Force was adopted as amended.

3. Report of Universal and Other New Plans Task Force

Commissioner McCarty summarized the report of the task force, which made five recommendations: (1) adopt revision of Actuarial Guideline XIV "Surveillance Procedure for Review of the Actuarial Opinion for Life and Health Insurers;" (2) defer action on proposal to amend the Universal Life Insurance Model Regulation, Section 5, Part C; (3) adopt Actuarial Guideline XXIII "Guideline for Variable Life Separate Account Investments;" (4) adopt Actuarial Guideline XXIV "Guideline for Variable Life Nonforfeiture Values;" and (5) adopt, in principle, clarifying changes in the first paragraph of footnote 3 on page 6 of the NAIC Universal Life Model Regulation concerning fixed premium policies.

*{Editor's Note: See Attachment Two to the Life and Health Actuarial (EX5) Task Force report.}*

Upon motion duly made and seconded, the task force adopted the report of the Universal and Other New Plans Task Force.



## LIFE INSURANCE (A) COMMITTEE

Reference:

1987 Proc. I p. 609  
1987 Proc. II p. 625

William D. Hager, Chairman — Iowa  
Margurite C. Stokes, Vice Chairman — D.C.

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### AGENDA

1. Adopt Pittsburgh Minutes
2. Report of Universal and Other New Plans Task Force
3. Report of Life Cost Disclosure Task Force
4. Report of Life and Health Actuarial Task Force
5. Report of Subgroup on Prepaid Funeral Plans
6. Action on Model Annuity and Deposit Fund Disclosure Regulation
7. AIDS/Informed Consent
8. Any Other Matters Brought Before the Task Force

The Life Insurance (A) Committee met in Regency D of the Hyatt Regency Phoenix in Phoenix, Ariz., at 1:30 p.m. on Dec. 9, 1987. A quorum was present and William D. Hager (Iowa) chaired the meeting. The following committee members or their representatives were present: Margurite C. Stokes, Vice Chair (D.C.); Roxani Gillespie (Calif.); George Dale (Miss.); Constance B. Foster (Pa.); Doyce R. Lee (Texas); and Steven T. Foster (Va.).

#### 1. Adopt Pittsburgh Minutes

Upon motion duly made and seconded, the minutes of the Sept. 15, 1987, Pittsburgh meeting were adopted (Attachment Four).

#### 2. Report of Universal & Other New Plans Task Force

Dale Creech (Ky.) reported on behalf of Commissioner Gil McCarty that the Universal & Other New Plans Task Force recommended two items for adoption:

1. A model regulation for interest indexed annuity contracts; and
2. An amendment to the first paragraph of footnote three of page six of the NAIC Universal Life Insurance Model Regulation.

The task force also recommended continuation. The committee deferred action on the task force's recommendations until the report of the Life and Health Actuarial (EX5) Task Force.

#### 3. Report of Life Cost Disclosure Task Force

Patrick Kelly (D.C.) reported on behalf of Superintendent Margurite Stokes, chair of the Life Cost Disclosure Task Force. Mr. Kelly indicated that the task force heard a report of the American Academy

## LIFE INSURANCE (A) COMMITTEE

**Reference:**

1988 Proc. I p. 599  
1987 Proc. II p. 625

Harold C. Yancey, Chairman — Utah  
William D. Hager, Vice Chairman — Iowa

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### AGENDA

1. Adopt Santa Fe Minutes
2. Report of Life and Health Actuarial Task Force
3. Report of Life Cost Disclosure Task Force
4. Report of Universal and Other New Plans Task Force
5. Final Report of Subgroup on Prepaid Funeral Plans and Report of Advisory Committee
6. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in the Soho/Herald/Gramercy Rooms at the Marriott Marquis in New York, N.Y., at 8:30 a.m. on June 15, 1988. A quorum was present and Harold C. Yancey (Utah) chaired the meeting. The following committee members or their representatives were present: William D. Hager, Vice Chair (Iowa); Roxani Gillespie (Calif.); Margurite C. Stokes (D.C.); Douglas Green (La.); George Dale (Miss.); and James L. Nelson (Texas).

#### 1. Adopt Santa Fe Minutes

Upon motion duly made and seconded, the minutes of the Santa Fe March 15 meeting were adopted (Attachment Three).

#### 2. Report of Life and Health Actuarial (EX5) Task Force

John Montgomery (Calif.) presented the report of the Life and Health Actuarial (EX5) Task Force. He summarized the projects pending with the task force relating to experience tables, revision of the Standard Valuation Law, revision of the Standard Nonforfeiture Law, actuarial aspects of reinsurance transactions, disclosure regulations, and provisions for catastrophic mortality.

Mr. Montgomery indicated that task force is reviewing the adequacy of the 1980 CSO Tables as a valuation standard. He noted that this project differs from the project, entitled "Provisions for Catastrophic Mortality," which is intended to determine what measures are needed to insulate an insurer against large increases in mortality, such as from an epidemic.

**LIFE INSURANCE (A) COMMITTEE**

## Reference:

1988 Proc. I p. 599  
1988 Proc. II p. 476

Harold C. Yancey, Chairman—Utah  
William D. Hager, Vice Chairman—Iowa

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December 14, 1988 Report ..... 670

**AGENDA**

1. Report of Life and Health Actuarial Task Force
2. Report of Life Cost Disclosure Task Force
3. Report of Product Development Task Force
4. Report of AIDS (B) Working Group Liaison
5. Any Other Matters Brought Before the Committee

**REPORT**

The Life Insurance (A) Committee met in Grand Salon A at the New Orleans Hilton in New Orleans, La., at 2 p.m. on Dec. 14, 1988. A quorum was present and Harold C. Yancey (Utah) chaired the meeting. The following committee members or their representatives were present: William D. Hager, Vice Chair (Iowa); Roxani Gillespie (Calif.); Margurite C. Stokes (D.C.); Leroy Morgan (Ky.); Douglas D. Green (La.); George Dale (Miss.); Larry C. Call (Mo.); and James L. Nelson (Texas).

1. Report of Life and Health Actuarial (EX5) Task Force

John Montgomery (Calif.) reported that the task force expected to have a draft of the standard valuation model ready for exposure at the June 1989 meeting and to recommend final adoption in December. He also indicated that the task force would be revising the standard nonforfeiture law and that the Society of Actuaries is preparing a report concerning these revisions. He also indicated that a provision for catastrophic mortality is being developed and that the Society of Actuaries is studying the financial implication of AIDS. He recommended adoption of the Product Development Task Force and Life Cost Disclosure Task Force reports, which incorporate the suggestions of the Life and Health Actuarial Task Force.

2. Report of Life Cost Disclosure Task Force

Superintendent Margurite Stokes (D.C.) reported that the task force adopted the actuarial task force's recommendation that a yield index exposure draft be distributed in March 1989 and that final adoption could occur in June. Superintendent Stokes indicated that Yield Index Advisory Committee recommended that it be disbanded. She commended every member of the Life and Health Actuarial Task Force and the Yield Index Advisory Committee for their work on the yield index project. She also indicated that the task force recommended continuation.

Upon motion duly made and seconded, the report of the Life Cost Disclosure Task Force was adopted.

3. Report of Product Development Task Force

Commissioner Bill Hager (Iowa) reported that the task force met on Dec. 12 and heard a report from the Consumer Disclosure Issues Working Group regarding the preparation of disclosure documents designed for distribution to prospective buyers of universal, variable, and other interest-sensitive life insurance products. An exposure draft of these disclosure statements was adopted. Commissioner Hager announced the appointment of an advisory committee to the consumer disclosure working group and commended Ted Becker, primary author of the disclosure statements.

John Montgomery commented that the Life Financial Ratios (IRIS) Working Group is interested in preparing a report on interest-sensitive products and that the key is to identify what those products are. He indicated that this group would possibly wait for the Consumer Disclosure Issues

## LIFE INSURANCE (A) COMMITTEE

Reference:

1989 Proc. I p. 670  
1988 Proc. II p. 476

Harold C. Yancey, Chairman—Utah  
Mike Weaver, Vice Chairman—Ala.

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### AGENDA

1. Adopt Little Rock Minutes
2. Report of Life Cost Disclosure Task Force
3. Report of Product Development Task Force
4. Report on Accelerated Benefit Riders
5. Report of Life and Health Actuarial Task Force
6. Report on State Adoption of Amendments on Preneed Funeral Plans Funded With Life Insurance or Annuities
7. Reaffirmation of Life Insurance Buyer's Guide
8. Any Other Matters Brought Before the Committee

### REPORT

The Life Insurance (A) Committee met in Sections E/F of the Hyatt Regency in Cincinnati, Ohio, at 10:30 a.m. on June 7, 1989. A quorum was present and Harold C. Yancey (Utah) chaired the meeting. The following committee members or their representatives were present: Mike Weaver, Vice Chair (Ala.); Roxani Gillespie (Calif.); Margurite C. Stokes (D.C.); William D. Hager (Iowa); Douglas D. Green (La.); Gerald Grimes (Okla.); and Theodore "Ted" Kulongoski (Ore.).

#### 1. Adopt Little Rock Minutes

Upon motion duly made and seconded, the minutes of the March 21, 1989 meeting held in Little Rock, Ark., were adopted (Attachment Four).

#### 2. Report of Life Cost Disclosure Task Force

Superintendent Margurite C. Stokes (D.C.) reported that the task force had concluded six years of work on a proposal for an alternative to the Life Insurance Disclosure Model Regulation. She said the task force recommended the adoption of the Optional Form of the Life Insurance Disclosure Model Regulation with Yield Index as an alternative to the Life Insurance Disclosure Model Regulation for those states wishing to use the yield index. Superintendent Stokes expressed the task force's appreciation to Ted Becker (Texas) and John Montgomery (Calif.) for the exceptional work they did on this product.

Upon motion duly made and seconded, the committee adopted the report of the Life Cost Disclosure Task Force, including its recommendation that the task force be disbanded upon adoption of their work product at the Executive Committee meeting in Cincinnati.

#### 3. Report of Product Development Task Force

Commissioner William Hager (Iowa) presented the report of the task force, commenting specifically on the report of the Consumer Disclosure Issues Working Group. The task force adopted disclosure statements for universal and indeterminate premium life products designed to assist consumers in their comparison of different types of interest sensitive life insurance products. After a survey of the states determined regulatory problems existed with these products, disclosure statements were developed as amendments to the NAIC Life Insurance Disclosure Model Regulation and the Universal Life Insurance Model Regulation. Commissioner Hager highlighted