Universal Life Insurance Policies

I _____________ am ___________________________
(Name) (Position or Relationship to Insurer)

for the XYZ Life Insurance Company (The Insurer) in the state of ______________________________.
(State of Domicile of Insurer)

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

I have examined the interest-indexed universal life insurance policies of the Insurer in force as of December 31, ____, encompassing ________ number of policies and $__________ of insurance in force.

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

I relied on the investment policy of the Insurer and on projected investment cash flows as provided by Chief Investment Officer of the Insurer.[6]

The tests were conducted under various assumptions as to future interest rates, and particular attention was given to those provisions and characteristics that might cause future insurance and investment cash flows to vary with changes in the level of prevailing interest rates.

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

____
Signature of Actuary

[6]If the actuary does not choose to rely on an investment officer for the projected investment cash flows, this statement should be modified to show the extent of the actuary's reliance.

AUTHORITY NOTE: Promulgated in accordance with Title 22, Section 2 and Title 36, Section 682 of the Insurance Laws of the State of Louisiana.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 11:690 (July 1985).

Chapter 89. Regulation 70—Replacement of Life Insurance and Annuities

Subchapter A. General Provisions

§8901. Purpose

A. The purpose of this regulation is:

1. to regulate the activities of insurers and producers with respect to the replacement of existing life insurance and annuities;

2. to protect the interests of life insurance and annuity purchasers by establishing minimum standards of conduct to be observed in replacement or financed purchase transactions. It will:

a. assure that purchasers receive information with which a decision can be made in his or her own best interest;

b. reduce the opportunity for misrepresentation and incomplete disclosure; and

c. establish penalties for failure to comply with requirements of this regulation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1300 (June 2000).

§8903. Definitions

Direct-Response Solicitation—a solicitation through a sponsoring or endorsing entity or individual solicitation solely through mails, telephone, the internet or other mass communication media.

Electronic Means—relating to sales presentations conducted by a producer utilizing technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities where all signatures are obtained via electronic signature technology.

Existing Contract—an individual annuity contract in force, including a contract that is within an unconditional refund period.

Existing Insurer—the insurance company whose policy or contract is or will be changed or affected in a manner described within the definition of *replacement*.

Existing Policy—an individual life insurance policy in force, including a policy under a binding or conditional receipt or a policy that is within an unconditional refund period.

Financed Purchase—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 a 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 months before or 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 §8909.A.5 of this regulation.

Illustration—a presentation or depiction that includes non-guaranteed elements of a policy of life insurance over a period of years as defined in Regulation 55 of the Department of Insurance.

Policy Summary—for the purposes of this regulation, means:

1. for policies or contracts other than universal life policies, 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, a written statement that shall contain at least the following information:

a. the beginning and end date of the current report period;

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

c. the total amounts 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);

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

e. the net cash surrender value of the policy as of the end of the current report period; and

f. the amount of outstanding loans, if any, as of the end of the current report period.

Producer—for the purposes of this regulation, means agents and brokers.

Registered Contract—a variable annuity contract or variable life insurance policy subject to the prospectus delivery requirements of the Securities Act of 1933.

Replacement—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 insurer or otherwise terminated; or

2. converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values; or

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; or

4. reissued with any reduction in cash value; or

5. used in a financed purchase.

Replacing Insurer—the insurance company that issues or proposes to issue a new policy or contract that replaces an existing policy or contract or is a financed purchase.

Sales Material—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.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1300 (June 2000), amended LR 28:1596 (July 2002).

§8905. Exemptions

Editor's Note: The Revised Statute cited in §8905.A.11 has been repealed. The new citation is R.S. 22:1141(C)(2).

A. 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 provider 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 §8915;

3. group and/or individual life insurance and annuities used to fund pre-arranged 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 Commissioner of Insurance;

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 6.a of this Subsection, 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 insurance company has been notified that plan participants may choose from among two or more annuity providers or policy providers 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 provider 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; or

8. existing life insurance that is a non-convertible term life insurance policy that will expire in five 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;

10. structured settlement annuities;

B. Registered contracts shall be exempt from the requirements of §8911.A.3 and §8913.B 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.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, R.S. 22:910 and R.S. 22:1141(C)(2).

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1301 (June 2000), amended LR 45:1775 (December 2019).

§8907. Duties of Producers

A. A producer who initiates an application shall submit to the insurer, with or as part of the application, a statement signed by both the applicant and the producer as to whether the applicant has existing policies or contracts.

1. If the applicant indicates that there are no existing policies or contracts, then the producer's duties with respect to replacement are complete.

2. If the applicant indicates that there are existing policies or contracts, the producer shall present and read to the applicant, not later than at the time of taking the application, a notice regarding replacements in the form as described in Appendix A or other substantially similar form approved by the Commissioner of Insurance; provided, 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 and that it was left with the applicant.

3. Notwithstanding Paragraph A.2 above, when the sales presentation is conducted by electronic means and all signatures are obtained via electronic signature technology, the meaning of "at the time of taking the application" shall be extended to allow for the Producer's submission of electronic information to the company. The requirements of Paragraph A.2 are deemed met when a copy of the required replacement notice electronically signed at the presentation is provided to the applicant within two business days following submission of the case to the company. In no event shall the time for providing the notice exceed five business days from the date the applicant signed the application.

B. The notice shall list all life insurance policies or annuities proposed to be replaced, properly identified by the name of the insurer, the insured or annuitant, and the 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, then alternative identification, such as an application or receipt number, shall be listed.

C. In connection with a replacement transaction, the producer shall leave with the applicant the original or a copy of all sales material at the time an application for a new policy or contract is completed. Electronically presented sales material shall be provided to the policyholder in printed form no later than at the time of policy or contract delivery.

D. Except as provided in §8911.C, 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.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1301 (June 2000), amended LR 28:1597 (July 2002).

§8909. Duties of Insurers that Use Producers

A. Insurers shall maintain a system of supervision and control to insure compliance with the requirements of this regulation, including at least the following:

1. informing 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. providing its producers a written statement of the company's position with respect to the acceptability of replacements and giving guidance to its producers 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 Subsection may include, but shall not be limited to, systematic customer surveys, interviews, confirmation letters, or programs of internal monitoring.

B. Insurers shall 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 Department of Insurance. 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 Paragraph A.5 of this Section; and

5. replacements, indexed by replacing producer and existing insurer.

C. Insurers shall:

1. 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;

2. if there is indication of existing policies or contracts:

a. require with each application for life insurance or an annuity a completed notice regarding replacements as contained in Appendix A;

b. be able to produce completed and signed copies of the notice regarding replacements for at least five years after the termination or expiration of the proposed policy or contract;

c. provide the applicant a hard copy of the required replacement notice within two business days following a producer's submission of case conducted by electronic means. In order to show compliance with §8907.A.2 and 3, the provision must occur no later than five business days from the date of applicant's signing the application.

3. in connection with a replacement transaction, be able to produce copies of any sales material as required by §8907.D, the basic illustration and any supplemental illustrations related to the specific policy or contract which is purchased and the producer's and applicant's signed statements with respect to financing and replacement for at least five years after the termination or expiration of the proposed policy or contract;

4. ascertain that the sales material and illustrations required by §8907.D of this regulation meet the requirements of this regulation and are complete and accurate for the proposed policy or contract; and

5. if an application does not meet the requirements of this regulation, notify the producer and applicant and fulfill the outstanding requirements;

6. records required to be retained by this regulation may be maintained in paper, photograph, microprocess, magnetic, mechanical or electronic media or by any process which accurately reproduces the actual document.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1302 (June 2000), amended LR 28:1597 (July 2002).

§8911. 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 business days of receipt of a completed application indicating replacement or when the replacement is identified if not indicated on the application;

3. mail a copy of the available illustration or policy summary for the proposed policy or available disclosure document for the proposed contract within five business days of a request from an existing insurer;

4. be able to produce copies of the notification regarding replacement required in §8907.B, indexed by producer, for at least five years or until the next regular examination by the insurance department of its state of domicile, whichever is later; and

5. provide to the policy or contract owner notice of the right to return the policy or contract within 30 days of the delivery of the contract and receive an unconditional full refund of all premiums or considerations paid, 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, the insurer shall 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 of §8907.D, 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 §8907.C; and

2. within 10 days of the issuance of the policy or contract:

a. notify the applicant by letter or verbal communication by a person having duties 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 §8907.C;

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 years after the termination or expiration of the policy or contract.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1302 (June 2000).

§8913. Duties of the Existing Insurer

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

1. retain and be able to produce all replacement notifications received, indexed by replacing insurer, for at least five years or until the conclusion of the next regular examination conducted by the insurance department of its state of domicile, whichever is later;

2. 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 business days of receipt of a notice that an existing policy or contract is being replaced. The information shall be provided within five business days of receipt of the request from the policy or contract owner;

3. upon receipt of a request to borrow, surrender or withdraw any policy values, send to the applicant 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.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1303 (June 2000).

§8915. Duties of Insurers 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, as provided in Appendix B, or other substantially similar form approved by the Commissioner of Insurance.

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 provided in Appendix C, or other substantially similar form approved by the Commissioner of Insurance. 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 Commissioner of Insurance. The insurer's obligation to obtain the applicant's signature shall be satisfied if the insurer 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 §8911.A.2 and A.3 if the applicant furnishes the names of the existing insurers, and shall comply with the requirements of §8911.A.4, §8911.A.5 and §8911.B.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1303 (June 2000).

§8917. Violations and Penalties

A. Any failure to comply with this regulation shall be considered a violation of R.S. 22:1964. Examples of violations include:

1. any deceptive or misleading information set forth in sales material; or

2. failing to ask the applicant in completing the application the pertinent questions regarding the possibility of financing or replacement; or

3. the intentional incorrect recording of an answer; or

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;

6. the company's failure to provide the applicant a hard copy of the required replacement notice within two business days following the submission of a case conducted by electronic means. All such provisions must occur no later than five business days from the date of applicant's signing the application.

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 either an in force illustration, if available, or a 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 as provided by R.S. 22:1969, 1970, and any other applicable provisions of law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11 and R.S. 22:910.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner of Insurance, LR 26:1304 (June 2000), amended LR 28:1597 (July 2002), amended LR 45:1775 (December 2019).

§8919. Effective Date

A. Except for the provisions contained in §8909, this regulation shall be effective July 1, 2000. The provisions contained in §8909 shall be effective and take effect on January 1, 2001.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1304 (June 2000).

§8921. Appendix A—Replacement Notice

IMPORTANT NOTICE:

REPLACEMENT OF LIFE INSURANCE OR ANNUITIES

(NOTE: 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 an 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 interest. 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:

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

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 "grand-fathered" 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?

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1304 (June 2000), repromulgated LR 26:1482 (July 2000).

§8923. Appendix B—Replacement Notice

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.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:1305 (June 2000).

§8925. Appendix C—Replacement Notice

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 an 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:

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

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 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 "grand-fathered" 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?

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:644.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner Insurance, LR 26:1305 (June 2000).

Chapter 90. Regulation 72—Commercial Lines Insurance Policy Form Deregulation

§9001. Authority

A. This regulation is adopted pursuant to R.S. 22:861.F.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:861.F.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:500 (March 2000), amended LR 45:1776 (December 2019).

§9003. Purpose

A. The purpose of this regulation is to allow for more flexibility in the placement of insurance with large commercial risks within the parameters of the admitted market by establishing an exemption from the form filing, review and approval requirements of the Louisiana Insurance Code, and to adopt the initial definition of an "exempt commercial policyholder". The exemption implemented under this regulation is predicated upon the continued existence of an open and competitive market and the good faith of insurers in carrying out the fiduciary obligations owed to their insureds.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:861.F.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:500 (March 2000) , amended LR 45:1776 (December 2019).

§9005. Scope and Applicability

A. This regulation applies to all authorized insurers engaged in the business of writing commercial risk property and casualty insurance in this state.

B. This regulation governs the circumstances under which an insurer may issue an insurance policy to a policyholder without first filing the forms with and obtaining approval of the Commissioner of Insurance.

C. The exemption granted by this regulation is limited in scope to certain commercial risk insurance issued to special commercial entities as provided for in §§9011 and 9013 of this regulation, respectively.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3., R.S. 22:620.F.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:500 (March 2000).

§9007. Severability

A. If any Section or provision of this regulation is held invalid, such invalidity shall not affect other Sections or provisions which can be given effect without the invalid Section or provision, and for this purpose the Sections and provisions of this regulation are severable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:3 and R.S. 22:620.F.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 26:500 (March 2000).

§9009. Definitions

A. For the purposes of this regulation the following terms shall have the meaning ascribed herein, unless the context clearly indicates otherwise.

Affiliated Group—two or more persons who are owned or controlled directly or indirectly though one or more intermediaries by, or are under common control with, the person specified (i.e., the named insured) and includes a subsidiary.

Authorized Insurer—shall have the meaning found in R.S. 22:46(3).

Commercial Risk—any kind of risk that is not a personal risk.

Commissioner—the commissioner of insurance for the state of Louisiana.

Competitive Market—a market in which a reasonable degree of competition exists or which has not been found to be in violation of R.S. 22:1961 et seq. In determining whether a reasonable degree of competition exists within a line of insurance, the commissioner shall consider the following factors:

a. the number of insurers available to write the coverage;

b. market shares of the leading writers and the changes in market shares over a reasonable period of time;

c. existence of financial or economic barriers that could prevent new firms from entering the market;

d. measures of market concentration and changes of market concentration over time;

e. whether long-term profitability for insurers in the