Product Outlines
Individual Joint Life Products
(Last Updated on 10/05/01)

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Outline for Individual Joint Life Products
Including Joint First-to-Die Products
and Joint Survivorship Products
(Last Updated 10/05/01)

This product outline will address only the requirements that are specific to joint life products. Please refer to the applicable individual life product outline for all other requirements depending on the type of joint life policy being submitted for review and approval. For example, a joint life term policy would be subject to this outline and all the requirements in the individual term life product outline. Please note that the unfair, unjust and inequitable standards of Section 3201 would always be applicable to every submission.

I) Filing Process

I.A) General Information

- A.1) Identify in the submission letter if the policy is a joint life policy and whether it is a first to die policy or a last to die policy.

II) Individual Joint Life Policies

II.A) Cover Page

- A.1) The generic name of the product should identify it as a joint life first to die policy or a joint life survivorship policy, joint and last survivor policy or a joint last to die policy. (For the remainder of the outline all references to joint life survivorship include these other descriptions)
- A.2) Brief Description of Policy
  - (a) The description for joint first to die policies should state that insurance is payable on the death of the first of the joint insureds to die.
  - (b) The description for joint life survivorship policies should state that insurance is payable on the death of the last of the joint insureds to die; or when both insureds have died.

II.B) Specifications Page

- B.1) Joint first to die policies should identify each insured as either the First Insured or the Second Insured to avoid ambiguity in default ownership provisions which may provide for ownership by one of the insureds if no other owner is designated.
- B.2) A sample specifications page showing the maximum number of insureds permitted under the policy must be submitted. For universal and variable universal life type policies the specifications page must reflect the cost of insurance charges, surrender charges and expense charges for the maximum number of insureds assuming different ages,

gender and smoker classifications, i.e., one smoker and one nonsmoker if the policy is issued on a smoker/nonsmoker basis. (Proposed CARFRA standard)

B.3) A sample specifications page in accordance with B. 2 above for an insurable insured and an otherwise unisurable insured must also be submitted, if an uninsurable insured is permitted by the insurer's underwriting rules. (Proposed CARFRA standard).

II.C) Standard Provisions

C.1) Incontestability

(a) Joint life survivorship policies must provide that the policy is incontestable after it has been in force during the lifetime of at least one of the insureds for two years from the date of issue. The language "during the lifetime of both insureds" is less favorable than the language of Section 3203(a)(3) of the Insurance Law.

C.2) Reinstatement

(a) Joint life survivorship policies must provide that the policy will be reinstated subject to evidence of insurability of both insureds if both insureds were alive on the date of lapse. However, if only one insured was alive on the date of lapse then the policy must provide that it will be reinstated subject to evidence of insurability only for that insured. Section 3201 (c) (2).

C.3) Suicide

(a) Joint life survivorship policies must provide how the suicide provision will operate, i.e., the suicide provision will be applicable either only on the death of the surviving insured or on the death of either insured. If the suicide provision is applicable on the death of either insured and a single life policy will be provided to the surviving insured so that the surviving insured is not left without coverage, then there should be language to that effect in the provision. The single life plan should be described: i.e., that it will be on an original date basis at the same risk classification but with a premium attributable to the new plan. .

C.4) Non-forfeiture Provisions

(a) For joint life policies, fixed paid up insurance benefits must be the same type of joint life policy (e.g., Frasierized last-to-die policies must provide for a Frasierized last-to-die paid-up benefit).

(b) The policy language of a joint survivorship policy should say whether the premiums and non-forfeiture provisions reflect a change in status and cash value upon the first death or if there is no change (i.e., they are based on the Frasier rate structure). For the remainder of this outline we refer to the former case as a non-Frasier policy.

(c) For non-Frasier joint survivorship life policies, in satisfaction of the Section 4221(b)(1)(B) requirement that the policy contain a table of non-forfeiture values for the first twenty policy years policies based on the “triple status” approach, must separately set forth values for the three statuses:

(i) while the first and second insureds are both alive;
(ii) while only the first insured is alive; and
(iii) while only the second insured is alive.

C.5) Maturity Age

(a) For Joint Life Survivorship policies, the Maturity age 100 limit is based on the age of the youngest joint insured. For Joint First to Die policies, the Maturity age 100 limit is based on the age of the oldest joint insured. No premiums are permitted after age 100. Policies can continue after age 100 only with service and administrative charges. See the applicable product outlines.

(b) In most cases, term insurance must expire at age 80 (11 NYCRR 42). See section II(D) of this outline.

(c) The conventions in (a) and (b) must be applied separately to any joint rider. For example, a first to die term rider attached to a joint survivorship policy must expire when the older insured attains age 80.

II.D) Term Life Renewal Restrictions

D.1) For Joint First to Die term policies, the age 80 limit on providing term coverage is based on the age of the oldest joint insured. (11 NYCRR 42.4(b)).

D.2) For Joint Life Survivorship term policies, the age 80 limit on providing term coverage is based on the age of the youngest joint insured. (11 NYCRR 42.4(b)).

D.3) In a “Comprehensive Life” type situation the age 80 restriction does not apply to a joint life survivorship policy if the term insurance component will be paid up at age 100 based on a dividend scale interest rate two percent lower than the rate at the time of sale of the policy or such other rate approved by the Superintendent. (11 NYCRR 42.4 (c))

II.E) Conditional Receipts and (Conditional) Temporary Insurance Agreements for Joint Life Survivor Policies

E.1) When evidence of insurability is requested in an application and money is paid with the application protection must be provided to the applicants.

(a) In a conditional receipt there should be language to provide protection for an applicant’s insurability in the event of death of one of the proposed insureds during the period that the conditional receipt is in effect. If one proposed insured dies during the conditional receipt period and the one insured who died had completed the initial application requirements including completion of the first or second medical examination initially required by the Company’s underwriting rules and was found to be insurable, the insurer must offer the joint and last survivor policy to the surviving insured if that insured was also found to be insurable. If the one proposed insured died prior to completing the underwriting requirements or was found to be uninsurable, then the premium paid would be refunded and no policy would be issued. .

(b) In a temporary insurance agreement which requires the completion of underwriting requirements such as the completion of a medical examination before coverage takes effect (these are not "true" temporary insurance agreements but hybrids which combine elements of a temporary insurance agreement and conditional receipt) the procedure should be the same as outlined above for conditional receipts.

II.F) Split Option Riders

F.1) A Split Option Rider permits the exchange of a joint and last survivor policy for two individual life versions of the policy upon one or more of the following events:

(a) The insureds' marriage is dissolved by a final divorce decree;
(b) The Internal Revenue Code is revised to eliminate the federal estate tax marital deduction;
(c) The maximum tax rate in the Internal Revenue Code for estate tax is reduced to a certain percentage.
(d) Legal dissolution of the insureds' business (permissible, not required).

F.2) The face amount of each new policy should be one-half of the face amount of the original policy. The accumulation value, if applicable, of each new policy should be one-half of the accumulation value of the original policy. One half of any outstanding policy loan and loan interest should apply to each new policy

F.3) If no evidence of insurability is required for the exchange, then the premium for the new policies must be based on the class of each insured as of the date of the original policy.