NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

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Individual Joint Life Insurance Product Outline (including Joint Life First-to-Die Products and Joint Life Survivorship Products) (Last Updated August 27, 2020)

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and Joint Life Survivorship Products)
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This outline is current as of August 27, 2020. Subsequent changes to statutes, regulations, circular letters, etc., may not be reflected in the outline. In case of any doubt, please contact the Life Bureau.

All citations herein are to the New York State Insurance Law unless otherwise stated.

I) Scope

This product outline addresses only the requirements that are specific to joint life products delivered or issued for delivery in New York. Please refer to the applicable individual life product outline available on the Department's website for the general filing and submission requirements as well as the substantive requirements for the policy depending on the type of joint life policy submitted for approval. This outline replaces the Individual Joint Life Product Outline last updated October 29, 2012. Please note that the unfair, unjust and inequitable standards of Section 3201 apply to every submission.

II) Filing Process

II.A) Identify in the SERFF Filing Description if the policy is a joint life policy and whether the policy is a first-to-die policy or a survivorship policy.

II.B) If the joint life policy does not comply with a specific product outline provision or if the insurer has an alternate interpretation of a product outline provision, the SERFF Filing Description must identify the provision and provide a complete explanation of the insurer's position on the issue. Such submissions may not be submitted under the Circular Letter No. 6 (2004) certified process unless the Department has given permission.

II.C) Filings Must Be Submitted Through State Electronic Rate and Forms Filing system ("SERFF")

C.1) Effective May 25, 2020, 11 NYCRR 6 (Insurance Regulation 195) will require that policy form, rate, and compensation filings must be submitted through SERFF. As of May 25, 2020, the Department will no longer accept paper filings or filings made in any manner other than SERFF, except where an exemption has been granted for a specific submission pursuant to section 6.3 of Regulation 195.

C.2) For general guidelines regarding SERFF submissions, please see the guidance for SERFF filings available on the Department's website at: https://www.dfs.ny.gov/apps_and_licensing/life_insurers/general_serff_guidelines_for_form_filings

C.3) Exemption from SERFF Submission Requirement

An insurer that is required to make a submission using SERFF pursuant to Regulation 195 may apply for an exemption from the requirement that a particular filing be made electronically by submitting a written request that complies with the requirements set forth in

Section 6.3 of Regulation 195. Guidance on requesting an exemption may be found on the Department's website at: https://www.dfs.ny.gov/apps_and_licensing/life_insurers/reg195_filing_guidance

III) Individual Joint Life

III.A) Brief Description of the Policy on the Cover Page

A.1) The description of the policy must state whether the policy is a joint life first-to-die policy or a joint life survivorship policy. A joint life survivorship policy may also be referred to as a joint and last survivor policy or a joint last-to-die policy.

A.2) The description for joint life first-to-die policies must state that the death benefit is payable on the death of the first of the joint insureds to die.

A.3) The description for joint life survivorship policies must state that the death benefit is payable on the death of the last of the joint insureds to die (i.e., when both insureds have died).

Sections 3201(c)(1) and 3204. Section I.A of Circular Letter No. 4 (1963).

III.B) Specifications Page

B.1) Joint life first-to-die policies must 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. Sections 3102(c)(1)(A), 3201(c)(1) and 3204.

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 insurance policies, the sample specifications page must show 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). A sample specifications page for an insurable insured and an otherwise uninsurable insured must also be submitted, if an otherwise uninsurable insured is permitted by the insurer's underwriting rules or procedures.

III.C) Standard Provisions

C.1) Incontestability

(a) Joint life first-to-die policies must provide that the policy is incontestable after it has been in force during the lifetime of at least one of the insureds (or during the lifetime of the first insured to die, or during the lifetime of either insured) for two years from the date of issue. Section 3203(a)(3).

(b) 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).

C.2) Reinstatement

Joint life survivorship policies with a reinstatement provision 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 or, if only one insured was alive on the date of lapse, then the policy will be reinstated subject to evidence of insurability only for that insured. Section 3201(c)(2).

C.3) Suicide Exclusion

(a) If the insurer excludes or restricts liability in the event of death caused by suicide within two years from the issue date of the policy in accordance with Section 3203(b)(1)(B), the insurer must pay the full amount of the gross premiums charged on the policy less dividends paid and less any indebtedness, including interest due or accrued. Section 3203(b)(3).

(b) Joint life survivorship policies must state whether the suicide provision will be applicable 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, the policy must state that the company will offer to the surviving insured the option to purchase a single life policy without evidence of insurability so that the surviving insured is not left without coverage. The new single life policy must be offered for the full original face amount at the same (or most comparable) risk class that the surviving insured would have been eligible for as of the date the original policy was issued. If the surviving insured was uninsurable, then the risk class of the new single life policy may be an applicable substandard risk class available under the new policy. Section 3201(c)(2).

(c) Increases in Face Amount

For joint life survivorship policies where the suicide provision is applicable on the death of either insured:

(i) If the first insured dies by suicide after the first two policy years and within two years of any face amount increase, the increase will not be in effect and the portion of premium or monthly deduction attributable to the increase will be added to the cash value of the policy prior to the calculation of the death benefit.

(ii) If the surviving insured dies by suicide after the first two policy years and within two years of any face amount increase, the increase will not be in effect and the portion of premium or monthly deduction attributable to the increase must be added to the death benefit of the policy.

Section 3203(b)(3).

(d) Incontestability and Suicide Effective Dates

The original policy must state that the incontestability and suicide periods of any new single life plan are effective as of the date the original policy was issued. The insurer must either provide in the single life policy that the incontestability and suicide periods will run from the issue date of the original policy, or provide the form number, approval date and Department file number of the endorsement to be attached to the single life policy stating that the incontestability and suicide periods will run from the issue date of the original policy.

C.4) Issues Regarding the End of the Mortality Table and Tax Consequences

For policies which continue past the last age of the mortality table, please refer to the applicable individual life product outlines available on the Department's website for specific requirements. For joint life first-to-die policies, the requirements apply when the oldest joint insured reaches the last age of the mortality table. For joint life survivorship policies, the requirements apply when the youngest joint insured reaches the last age of the mortality table.

III.D) Nonforfeiture Provisions

D.1) Calculation of Numerical Values

For joint life survivorship policies, the policy language must be clear regarding whether the premiums and nonforfeiture values change upon the first death (non-Frasier policies) or if there is no change (Frasierized policies).

(a) Frasierized policies are based on a joint life expectancy. Premiums and nonforfeiture values do not change when the first death occurs.

(b) Non-Frasier policies, also referred to as actual status policies, must separately set forth premiums and nonforfeiture values for when:

(i) the first and second insureds are both alive,

(ii) only the first insured is alive, and

(iii) only the second insured is alive,

to comply with the Section 4221(a)(5) requirement that the policy contain a table of cash values and any paid-up nonforfeiture benefits for the first twenty policy years. At issue, the premiums and nonforfeiture values are based upon the lives of the first and second insureds and the table for (i) above is used. After the first death occurs, the premiums and nonforfeiture values are then based on the surviving insured's initial rating and the table for either (ii) or (iii) above is used.

D.2) Minimum Cash Surrender Values

(a) The minimum cash surrender values must be based on the exact joint life mortality using mortality tables that would be required for each single life and assuming that the mortality of the joint lives are independent.

(b) For joint life survivorship policies, minimum nonforfeiture values and policy disclosures may be based on the use of joint life mortality throughout the lifetime of the policy. Minimum nonforfeiture values and policy disclosures on each possible status of the lives under the terms of the policy are also acceptable if the disclosures and minimum value requirements of the Insurance Law are met for each possible status. For example, if the status of a second to die policy is based on a single life status after the first death, then the required disclosures under Section 4221(a)(5) must be shown in the policy for each possible status of joint or single life.

(c) For purposes of determining exemption from Section 4221, the age at expiry for a joint term life insurance policy shall be the age at expiry of the oldest insured. Section 4221(o)(2).

D.3) Paid-Up Benefits

Any fixed paid-up insurance benefit must be the same type as the joint life policy. For example, Frasierized survivorship policies must provide for a Frasierized survivorship paid-up benefit.

IV) Conditional Receipts for Joint Life Survivorship Policies

If payment is accepted with an application that requires evidence of insurability and the insurer issues a conditional receipt, the conditional receipt must provide coverage for the surviving insured in the event that one of the proposed insureds dies during the period that the conditional receipt is in effect. If the first-to-die had completed the initial application requirements and was found to be insurable, the insurer must offer the survivorship policy to the surviving insured if that insured was also found to be insurable. If the first-to-die died prior to completing the underwriting requirements or was found to be uninsurable, then the insurer may refund the premium paid and decline to issue the policy.

V) Split Option Benefits

A.1) Survivorship Policies

(a) A split option benefit rider permits the exchange of a survivorship policy for two individual life versions of the policy only upon one or more of the following events:

(i) The insureds' marriage is dissolved by a final divorce decree;

(ii) The Internal Revenue Code is revised to eliminate the federal estate tax marital deduction;

(iii) The maximum tax rate in the Internal Revenue Code for estate tax is reduced to a certain percentage; or

(iv) Legal dissolution of the insureds' business (permissible, not required).

(b) Any cash value, outstanding policy loan and loan interest of the original policy must be allocated to each new policy in the same proportion that the face amount of the original policy is allocated to each new policy.

(c) If the face amount of each new policy is other than one-half of the original face amount, then the company must reserve the right to request evidence of insurability on the insured under the new policy with a face amount exceeding one-half of the original face amount.

(d) If no evidence of insurability is required for the exchange, then the premium for the new policies must be based on the risk classification of each insured as of the date of the original policy.

A.2) First-to-Die Policies

(a) A first-to-die change option rider permits the exchange, conversion or surrender of a first-to-die policy for two individual life versions of the policy at any time after issue of the first-to-die policy.

(b) The owners may elect the face amounts of the new policies although the total face amounts of the new policies may not exceed the face amount of the original first-to-die policy.

(c) Since any cash surrender proceeds beyond those used to purchase the new policies may be subject to tax, the rider must disclose that exercising the rider may result in adverse tax consequences and a tax advisor should be consulted.