Title 19: Insurance

Part 2: Life Insurance

Part 2 Chapter 1: (LA&H 67-1) Special Policies.

Rule 1.01: Prohibitions and Restrictions OnCertain Type Life Insurance And Annuity Policies

1.01.1: Profit- Sharing Policies

A. No policy shall be sold or approved for use in Mississippi after the effective date of these rules which provides that the policyholder will be eligible to participate in any future distribution of general corporate profit or that the policyholder will receive any special advantage not available to all persons of the same class holding all other participating types of policies which have been issued and which may be issued by the company.

B. This section is not intended to restrict or prohibit the sale in this State of policies both of the participating and non-participating type.

C. The phrase "same class" which appears in this section and in Chapter II is defined to relate only to those recognized underwriting classifications such as age, occupation, sex, health or similar groupings which have a direct bearing upon expectation of life of the person so classified and it shall not include any classification based in anywise upon the date of purchase or the name given bythe company to the policy purchased by any particular policyholder or group of policyholders.

1.01.2: Coupon Policies OrPolicies With Pure Endowment Benefits

No policy containing more than one pure endowment benefit (whether or not evidenced by coupons, passbooks or other material generally identified with savings, banking or investment institutions) shall be sold or approved for sale in Mississippi after the effective date of these rules, unless it meets the following requirements:

A. Contains, clearly and prominently displayed on the face of the policy contract, a statement that the premium includes an extra charge for the coupon (or pure endowment, whichever is applicable) benefits.

B. The amount of each of the pure endowment benefits shall be separately expressed in dollar amounts and not as percentage of any premium or benefit.

C. Payment of any pure endowment benefits shall not be made contingent upon payment of premiums falling due after the policy year in which the pure endowment benefit has matured.

D. Participating policies shall be permitted to contain coupons or pure endowment benefits only if they conform to the requirements of Paragraphs 2 (a) and (b).

E. The terminology and language of a policy which has one or more pure endowment benefits therein, shall not purport to represent the pure endowmentbenefit of the policy to be anything other than a guaranteed insurance benefit for which a premiumis being paid by the policyholder, and such endowment shall not be referred to as a dividend.

F. This section shall not apply to any policy in which the amount of any pure endowment or periodic benefit or benefits actually due and payable during any policy year is greater than the total annual premium on the policy for such years.

1.01.3: Certain Other Special Policies

A. No policy shall be sold or approved for use in Mississippi after the effectivedate of these rules which provides that any part of the company profits, premiums, dividends, excess interest, savings on mortality, loadings, lapses, or the earnings and or accumulations therefrom are to be payable only to those of a group of policyholders who live and persist in premium payments to the end of a period of time stated in the policy, or to those of a group of policyholders who live and persist in premium payments to the end of such stated period of time and the beneficiaries of those who die prior theretowhile their policies are in force. The purpose of the foregoing provision is to emphasize and implement Section 5642, Mississippi Code of 1942.

B. No policy shall be sold or approved for use in Mississippi after the effective date of these rules which uses a policy name which implies or may be reasonably construed as implying that only a limited number of persons or some limited grouping or classification of persons will be eligible to buy such policy unless the limitation is related toage, occupation, health, sex or some other classification which recognized underwriting practices indicate is directly related to expectation of life.

Source: *Miss. Code Ann.* § 83-5-25 (Rev. 2011)

Rule 1.02: Misleading Policy Terms Prohibited

1.02.1 Section 1

A life insurance policy or annuity contract issued or delivered in this State shall not contain language or words in the context or description that have the tendency to mislead a purchaser or prospective purchaser to believe he will receive a benefit not in the policy or some benefit not available to other persons of the same class and equalexpectation of life.

1.02.2 Section 2

No company or person shall deliver within this State, or issue for deliverywithin this State, any life insurance policy or contract of annuity or other printed material describing premium payments in language which states the payment is a “Deposit”, unless:

A. The payment establishes a debtor-creditor relationship between the insurancecompany and the policyholder; or

B. The term is used in conjunction with the word “Premium” in such a manner as to clearly indicate the true character of the payment.

1.02.3 Section 3

Any policies of life insurance or contracts of annuity which have heretofore been approved by the Insurance Department but which do not conform to anyrequirement or requirements of Chapters 1 and 2 hereof shall be discontinued on or before July 1, 1968, or the same shall then become violations of these rules.

Source: *Miss. Code Ann.* §§ 83-5-35; 83-7-17 (Rev. 2011)

Rule 1.03: Misleading Sales Presentation & Solicitation Statements, Representations and Illustrations Prohibited

1.03.1 Section 1

No company or person shall in the sale or offering for sale of any life insurance policy or contract of annuity do any of the following things:

A. Make any reference to a policy in such a manner as to misrepresent the true nature of the life insurance or annuity contract involved.

B. State or represent that the prospective policyholder will receive the right to benefits which are not a part of the policy itself or made an effective part of that contract by rider, unless the statement or representation is accompanied by an adequate explanation as to:

    1. The nature and source of the benefits to be proven at such time;
    2. The conditions under which this would occur;
    3. And the consideration therefor.

C. State or represent that only a limited number of persons or a limited class of persons will be eligible to buy a particular kind of policy, unless such limitation is relatedto recognized underwriting practices and is plainly stated in the policy.

D. Offer to sell any policy or contract (1) which is not approved for sale by the company writing the same in the State of that company’s domicile or (2) which is in violation of such state’s laws if approval is not required; or use any sales presentation, oral or visual, which has not been submitted to and approved by the Commissioner of Insurance of the

State of Mississippi. All such submittals must be accompanied by a certificate of the company that such sales presentation (1) is approved for use by the State of the company's domicile, or (2) if approval not be required by such state, is not in violation of any laws or regulations of such jurisdiction.

E. State or represent that any coupon or pure endowment benefits are earnings on premiums invested or that a coupon or pure endowment benefit in a policy is anything other than a guaranteed insurance benefit for which a premium is being paid by the policyholder.

F. Make or issue any statements or representations to a prospective buyer of insurance or annuity which are calculated to induce the belief that the premium paid creates a fund which is withdrawable without reference to the cash surrender value or loan provisions of the policy, in any manner other than that actually contained in the contract.

G. State or represent that the insurance company's profits are derived from lapses, surrenders, mortality savings or excess interest earnings.

H. Represent that the mere size of a life insurance company or its total insurance in force necessarily affects either the solvency or the reliability of life insurance policiesor annuity contracts issued by such company. Make or issue any statements or representations of any kind respecting the financial standing or management ability of any holding company, affiliated, parent or related corporation or associated enterprise.

I. Make any statement or representation, oral or written, which may lead to a prospective buyer of a policy of life insurance or contract of annuity to reasonably believe that he is purchasing stock in any company or that the purchase of such policy or contract will entitle the prospect to acquire an option to buy stock in any company.

J. Make or issue statements which will tend to lead a prospective buyer to believe that he will acquire a position similar to that of a stockholder of the company or state or represent that policyholders are entitled to share in the company's profits on a basis similar to that of the stockholders.

K. Make any statement or representation relating to the growth patterns of the life insurance industry or to the tax status of companies in a context which would reasonably be understood to interest a prospect in the purchase of shares of stock in an insurance company rather than in, or in addition to, the purchase of a life insurance policy.

L. Make any reference to a company's "Investment Department", "Insured Investment Department" or similar terminology in such a manner as to imply that the policywas sold or issued or is serviced by the investment department of the insurance company.

M. State or represent that the prospective policyholder will receive special or favored treatment in the allowance and payment of dividends or shall receive dividends based upon a percentage of the premium paid, or upon any stated percentage of the net gain from operations of the company.

N. Make or issue statements or illustrations regarding the payment of future dividends which may be misleading because they do not make it clearly apparent thatsaid dividends are not guaranteed.

O. Make or issue statements or illustrations of projected future true dividends, or refunds of any kind or nature on a policy unless such projections are calculated by arecognized actuary based on the company's own actuarial experience, or, where such company's experience is not credible, such projections are calculated by such actuary on the basis of the experience of a company of comparable age, writing comparable lines of business and having comparable assets and resources. Persons representing companieswhose board of directors has not adopted a dividend scale shall make no projections, representations or illustrations in reference to dividends.

P. Make any statement that projected dividends under a participating policy will be or can be sufficient at any future time to assure the receipt of benefits, such as a paid-up policy or the continuation of the basic contractual benefits, without the future paymentof premiums, unless the statement is accompanied by an adequate explanation in writing as to;

    1. that benefits and coverage would be provided at such time, and,
    2. the conditions under which this would occur.

Q. Make or issue, mail, deliver, publish or use any material of any kind or nature,such as letters, resolutions of the board of directors, drafts or checks delivered in advance, or any similar means of implying that a dividend of monetary return of any kind is being declared or intended to be declared in advance.

R. Make or issue statements indicating that because a prospect has agreed tofurnish leads or recommend the company or act as a "center of influence" for the company,he is entitled to any type of life insurance benefits not available to all policyholders generally; or that the purchase of the policy offered will entitle the holder to purchase or allocate a specific number of other policies; or pay, allow or give, or offer to pay, allow or give, directly or indirectly, any commission or other valuable consideration as a result of the sale of a life insurance policy or annuity contract to any person for furnishing a lead, unless such person is currently licensed in this state to sell life insurance.

S. Apply for a temporary life insurance license, intending at the time of application not to qualify by written examination as a permanent life insurance agent, provided, however, that this shall not prohibit the issuance of temporary licenses to persons entitled thereto.

T. Sponsor, for a temporary life insurance license, and individual whom the sponsor is not in good faith considering to permanently contract with as an insurance agent.

1.03.2 Section 2

No insurance company, insurance agent, solicitor, nor insurance company representative shall as a competitive or "twisting device", inform any policyholder or prospective policyholder that any insurance company was required to change a policyform or related material to comply with the provisions of this regulation.

1.03.3 Section 3

This chapter shall apply to acts and practices in the advertising, promotion, solicitation, negotiation of or effecting the sale of life insurance. This chapter shall alsoapply to any act or practice whether they involve the use of language disseminated by means of sales kits, policy jackets or covers, letters, personal presentations, visual aids or any other sales media. This regulation is not intended to be a determination that any act or practice not specified herein is in conformance with any statutory provisions of this State.

Source: *Miss. Code Ann.* §§ 83-5-35; 83-7-17 (Rev. 2011)

Rule 1.04: Penalties

1.04.1 Section 1

A. Willful violation of these regulations by a company shall be deemed an unfair method of competition or an unfair and deceptive act or practice in the business of insurance and grounds for revocation of a company license, which shall be in addition to any other penalty provided by statute.

B. Willful violation of these regulations by any agent or other representative of an insurer shall be deemed to be grounds for revocation of his license in the manner specified in Section 5722-12 of the Mississippi Code of 1942 (Laws of 1960, Chapter 367, Section 12.)

Source: *Miss. Code Ann.* § 83-5-39-49(Rev. 2011)

Rule 1.05: Effective Date

This directive shall be effective as of November 1, 1967.

WITNESS MY HAND this the 25th day of October, 1967.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Rule 1.06: Note

All life insurance companies doing business in this State shall indicate in writing to this office their receipt of these RULES AND REGULATIONS and their acknowledgement that they will strictly comply therewith and will immediately advise all of their agents of the provisions hereof.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

Part 2 Chapter 2: (LA&H 73-3) Companies and Agents Offering Life Insurance Plans to College Students Under a Premium Financing Arrangement**.**

Rule 2.01: Notes Of Minors

If the insured is a minor and executes a promissory note for the payment of part or all of the first year's premium, such note must be co-signed by the insured's parent, legal guardian, or adult spouse.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

Rule 2.02: Application To Contain Certain Information

The fact that a promissory note is to be executed by the insured must be set forth in the application preceding the applicant's signature, showing the amount of the note, the rate of interest, the amount of any down payment, and, if applicable, the fact that the note becomes due and payable in full upon any default in premium payment.

If a note is taken to finance less than the full first year premium, the balance must be paid by the applicant at the time the application is taken, and the premium payment frequency must be set forth in the application.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-29 (Rev. 2011); §81-21-13 (Supp.2011)

Rule 2.03: Down Payment To Be Made In Cash

A down payment of at least ten ($10.00) dollars must be paid by the applicant at the time the application is signed. The down payment must be paid by the applicant in cash and any payment made directly or indirectly by the agent to or for the benefit of the applicant in connection with the sale shall be presumed to be a rebate or special inducement.

Source: *Miss. Code Ann.* § 83-7-3 (Rev. 2011)

Rule 2.04: Copy Of Note To Be Delivered With Policy

If the payee of the note is an insurer or any affiliate thereof, except the agent, a copy of the note must be delivered with the policy at the time of delivery. If the payee of the note is the agent, a copy of the note must be delivered with the policy at the time of delivery. Delivery must be in person by a company representative. In the event that personal delivery is for good reason impractical, delivery may be made by use of the United States Certified Mail, Return Receipt Requested, and delivery to addressee only.

Source: *Miss. Code Ann.* § 83-7-13 (Rev. 2011)

Rule 2.05: Policy Receipt To Be Executed

Upon delivery, a policy receipt or acceptance form must be executed which recites that:

A. The face amount, premium payment frequency, and Periodic premium amount of the policy are as represented at the time of sale; and

B. The insured has examined the application and policy and acknowledges and understands the provisions and obligations of the financial indebtedness that he has incurred.

It shall be the responsibility of the company representative to read the policy receipt or acceptance form to the insured. In the event that delivery is made by use of the United States mail as in Rule 2.04 above, the company must request the insured to sign and return the policy receipt or acceptance form.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-29 (Rev. 2011)

Rule 2.06: Receipt Forms Not To Be Available As Supplies To Agents

If the payee or intended assignee of the note is the insurer or any affiliates thereof, except the agent, the receipt or acceptance form (outlined in Rule 2.05 above) must be registered by number (preferably corresponding policy number), in the home office.

A. This receipt or acceptance form must be sent with the policy at time of delivery only.

B. These receipts or acceptance forms shall not be made available as supplies to field representatives or agents, but must be furnished from the home office in transmittal of the policy to the writing agent.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-29 (Rev. 2011)

Rule 2.07: Prerequisites ToSale Or Transfer Of Note And To Payment OfCommissions

If the payee or intended assignee of the note is the insurer or any affiliate thereof, except the agent, the promissory note must not be sold or otherwise transferred by the payee, nor any commissions paid to the agent until the form outlined in Rule 2.05 above has been received in the home office of the company.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-29 (Rev. 2011)

Rule 2.08: Maker AndCo-Makers To Be Notified If Note Is Transferred

If the company or any affiliate thereof, except the agent, be the payee, and there is a transfer of the note, the company must notify the note-maker and all co-makers regarding such transfer after it occurs, inviting any questions relative to the note, or the policy which is used as collateral security for the note. Such notice may be given by the purchaser, transferee, or assignee of the

note. If the agent or a party other than the company or any affiliate thereof, be the payee, the agent must bear the duty of notice as in this section provided and must furnish the company with a copy of said notice.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-29 (Rev. 2011)

Rule 2.09: Maximum Amount OfFinancing Arrangement To Be In AccordWith Sound Underwriting Practices

The maximum amount of any financing arrangement which can be executed in connection with such a transaction will be in accordance with reasonable and sound underwriting practices as determined by the management of the company. It is the recommendation of this office that a financed plan should not be sold to an undergraduate on a basis where premiums would come due prior to the anticipated date of graduation by the insured.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-29 (Rev. 2011)

Rule 2.10: Agent's Responsibility Respecting Other Pending Applications and Replacements

It is the responsibility of the agent to determine if an application with payment is pending with any other company and/or if replacement is intended. The disturbing of any permanent insurance, including the partial or total replacement of any provision of an existing policy for the purpose of placing additional insurance will be cause for investigation and review by this Office.

Source: *Miss. Code Ann.* §§ 83-5-29; 83-5-1 (Rev. 2011)

Rule 2.11: Restriction On Agent's Use Of Special Titles. Persons Other Than Licensed Agents Prohibited From Participation In Solicitation

A. Agents or field representatives of the company who are licensed by this State to represent the company as licensed life agents may not represent, refer to, or hold themselves out to the public under any special title or as representatives of any special policy or company division unless otherwise identified as a licensed agent of the company for which they hold a license.

B. No person other than a licensed agent shall participate in the solicitation, negotiation, or effectuation of life insurance with respect to college students in this State. Solicitation includes but is not limited to situations where a licensed agent compensates or agrees to compensate certain professors, students, or administrative personnel for aiding him in the solicitation of prospects.

Source: *Miss. Code Ann.* §§ 83-5-35 (Rev. 2011)

Rule 2.12: Appropriate Summaries ToBe Given To Describe Exact Amount Of Policy Actually Sold

If a sales presentation is made for an amount of insurance greater than that sold, an appropriate summary must be given to the insured for the exact amount of the policy sold not later than the time of the signing of the policy receipt or acceptance form.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-17 (Rev. 2011)

Rule 2.13: Request To Cancel Insurance

In the case of a request being made by an insured expressing a desire to cancel such a policy and premium arrangement, this Office will expect and fully appreciate the cooperation of the company and its agents in bringing such matters to a satisfactory conclusion as expeditiously as possible.

If, at the time the receipt or acceptance form is presented with the policy to the applicant for his signature and he decides he does not wish the plan, the policy will be returned to the company with his signed request for release. The policy and note will be canceled and the applicant released from any liability, and refund made of any down payment.

Source: *Miss. Code Ann.* §§ 83-7-51 (Rev. 2011)

Rule 2.14: Companies Must Submit All Forms Used In This Program

All sales material, notes, and other forms used in the sale of such programs must be submitted in duplicate with duplicate letters of transmittal at the time that the policy form is submitted for approval. If found acceptable, the duplicate copy of such materials will be returned as "filed". No such material may be used until so "filed" with the Department.

Source: *Miss. Code Ann.* §§ 83-7-51 (Rev. 2011)

Rule 2.15: Companies Responsible For Notifying Agents Of These Rules And Regulations And For Compliance Of Said Agents

Companies will be responsible for notifying their agents of the requirements set forth in these rules and regulations and in addition thereto, shall take appropriate steps and measures to insure full compliance therewith.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-17-1, et seq. (Rev. 2011)

Rule 2.16: Penalties

Failure to comply with provisions of these rules and regulations by any company or their agents will result in a formal hearing for revocation of license.

Source: *Miss. Code Ann.* §§ 83-17-19; 83-17-71 (Rev. 2011)

Rule 2.17: Effective Date

These rules and regulations shall become effective September 1, 1973.

PROMULGATED AND ADOPTED, THIS the 14th day of August, 1973.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Part 2 Chapter 3: (LA&H 73-5) Minimum Burial Rate Schedule (and Supplement)

Rule 3.01: Introduction

TO: All Persons and Associations Operating Under the Burial Insurance Laws ofthe State of Mississippi

FROM: Evelyn Gandy
Commissioner of Insurance

SUBJECT: Rules and Regulations in Connection With House Bill No. 424, Mississippi Legislature, Regular Session, 1973.

IMPORTANT: Policies issued and in force prior to January 1, 1974 (or subject to reinstatement by that date) are not covered by rules and regulations herein, nor are such policies subject to the new law as to form and/or rate.

Source: *Miss. Code Ann.* § 83-37-35 (Rev. 2011)

3.01.1 Section 1

As of January 1, 1974, all policy forms and rates now approved and in use are hereby DISAPPROVED, and no policy form or rate can be used after January 1, 1974, without approval of the Department of Insurance under the provisions of the new law.

3.01.2 Section 2

No two or more burial associations, partnerships, corporations, etc. under the same ownership, management or agency shall have competitive rates for the same or comparable benefits, regardless of location of servicing funeral home.

3.01.3 Section 3

No rate will be approved which is lower than the minimum rates shown on the attached schedule, which lists the long-established minimum rates approved by the Insurance Department many years ago. Rates above those shown on the attached schedule will be considered when supporting information clearly shows rates to be neither inadequate nor excessive.

3.01.4 Section 4

Associations, partnerships, corporations, etc. writing policies of varying amounts with varying rates may use a standard policy form, provided the completed policy contains the inserted figures relative to name, ages, benefits and rate for each person insured. Further, in the event a standard form is to be used for more than $150.00 benefit, additional rate schedule must be printed in the policy form. (For example, a policy issued providing benefits ranging $150.00, $300.00 and $450.00, may leave the total benefit in the blank, but the policy form must contain the schedule of rates applicable to all three benefits).

3.01.5 Section 5

Submission of policy forms and rates can begin upon receipt of this notice. Each form must have in the lower left hand corner some means of identification such as a number, a letter and a date. (For example, A-9-73, which would indicate the form A was submitted in September 1973). Please attach a rate card to each form placing the same identification on the rate card. Submit one copy each of the form and rate with a letter of transmittal, in duplicate. Said letter of transmittal must contain a detailed description of the form(s) submitted, including type of contract, form number, etc., and the date you will begin using the new form(s), if prior to January 1, 1974. The form and rate will be retained in the Department, and the copy of the letter of transmittal will be returned to the association with the stamp of approval of the Department.

Source: *Miss. Code Ann.* §§ 83-37-17; 83-37-35 (Rev. 2011)

Rule 3.02 Effective Date

These rules and regulations shall become effective November 6, 1973.

PROMULGATED AND ADOPTED, THIS THE 6TH day of November, 1973.

Source: *Miss. Code Ann.* § 24-43-3.113 (Rev. 2010)

Rule 3.03: Minimum Burial Rate Schedule

Age	$150 Benefit	$300 Benefit	$450 Benefit
1 week to 5 years, inclusive	.10	.20	.30
6 years to 15 years, inclusive	.15	.30	.45
16 years to 20 years, inclusive	.20	.40	.60
21 years to 44 years, inclusive	.25	.50	.75
45 years to 55 years, inclusive	.30	.60	.90
56 years to 60 years, inclusive	.50	1.00	1.50
61 years to 65 years,	.75	1.50	2.25

inclusive			
66 years to 70 years, inclusive	1.00	2.00	3.00
71 years to 75 years, inclusive	1.50	3.00	4.50
76years to 80 years, inclusive	2.00	4.00	6.00
81 years to 85 years, inclusive	5.00	10.00	15.00

Source: *Miss. Code Ann.* § 83-37-35 (Rev. 2011)

Rule 3.04: Supplement

TO: All Persons and Associations Operating Under the Burial Insurance Laws ofthe State of Mississippi

FROM: Evelyn Gandy
Commissioner of Insurance

The Insurance Department has been asked by a number of burial association owners to give consideration to several changes and modifications which they desire and purpose to have made to the rules and regulations which were issued and mailed to you from this office on November 6, 1973. Careful study and thorough consideration have been given to these subjects which are more fully reviewed and discussed as follows:

A. Minimum Rate Schedule- Nothing contain in our regulation of November 6, 1973, was intended to convey the impression that the Commissioner of Insurance had established a mandatory standard rate to be used by any association whose policyholders services, funeral benefits and plan of operation under the revised law justify the charging of a higher premium. Instead, this schedule merely lists and sets forth the lowest or minimum rate which would be approved by the Insurance Department for any association.

   Our study shows that a substantial number of associations are presently using this minimum rate and can justify its continued usage. Further, no advantage has been found for this or any other so-called minimum rate schedule except the doubtful value of possibly discouraging willful intent to twist business from one association to another. The Insurance Department holds the view that any such unethical practice can and will be properly dealt with under other related insurance statuses.

   In view of the foregoing, notice is hereby given that no change has been approved or made in the afore-mentioned minimum rate schedule which has been long-established and accepted by both the Insurance Department and burial insurance industry for many years. However, we emphasize again that each association has the option of using this minimum rate or a higher rate provided that proper justification for whichever rate is proposed is submitted to the Insurance Department.

B. Standard Provisions- A large number of associations have submitted new policy forms which have completely failed to incorporate or include the new standard provisions which are an absolutely mandatory requirement of the revised burial law after January 1, 1974. For your information and guidance in this regard, we enclose a copy of the required standard provisions which must appear in every burial policy written on and after January 1, 1974.

There is only one exception or change which will be permitted in the Standard Provisions, and this relates to Section 8. If you wish your policy to provide for a 50% pay-off, Section 8 should read:

> "If death and/or burial occurs more than fifty (50) miles from any location of the funeral home named herein and should the beneficiary therefore deem it impractical for the association to service this contract, the association shall pay in cash to the member not less than fifty percent (50%) of the face value of the certificate to which the member is entitled or the full return of the premium paid by the member, not to exceed three-fourths percent (3/4%) of the face value of the certificate, whichever amount is larger. If death and/or burial occurs within fifty (50) miles of any location of the funeral home named herein, and the member desires to use a funeral home other than the funeral home named in this contract, the association's liability shall be the full return of the premium paid by the member not to exceed the face value of the certificate."

If you wish your policy to provide for a 100% pay-off, then Section 8 should read:

> "If death and/or burial occurs more than fifty (50) miles from any location of the funeral home named herein and should the member therefore deem it impractical for the association to service this contract, the association shall pay in cash to the member not less than one-hundred percent (100%) of the face value of the certificate to which the member is entitled, which shall be in full settlement of the claim. If death and/or burial occurs within fifty (50) miles of any location of the funeral home named herein, and the member desires to use a funeral home other than the funeral home named in this contract, the association's liability shall be the full return of the premiums paid by the member not to exceed the face value of the certificate."

No burial association will be authorized to issue a burial policy on and after January 1, 1974, unless and until it has previously submitted and received the approval of the Commissioner of Insurance of its policy forms and rates which conform and comply with the rules and regulations of our Order dated November 6, 1973, and the above-mentioned authorized changes.

Ordered this the 30th day of November, 1973.

Source: *Miss. Code Ann.* § 83-37-35 (Rev. 2011)

Rule 3.05: Standard Provisions for Burial Policies

House Bill 424, Mississippi Laws of 1973, requires that all burial policies issued from and after January 1, 1974, contain the following Standard Provisions.

STANDARD PROVISIONS

A. The association will not be responsible for casket or any other funeral supplies or expenses contracted for by anyone unless authorized by the association, subject to minimum cash settlement hereinafter provided.

B. When this policy has been maintained in force for not less than two (2) consecutive months, there will be a grace period of thirty (30) days for the payment of anysubsequent premium, and during such period of grace, the funeral benefit provided herein shall continue in force, provided all other conditions and stipulations herein contained shall have been complied with by such member or members.

C. This contract shall lapse, and the association shall not be liable for any benefits hereunder, when any premium payment on same is more than thirty (30) days in arrears, and in such event all premiums paid hereon shall be forfeited to the association.

D. If the contract is allowed to lapse, it may be reinstated by furnishing the association with satisfactory evidence that all members named hereon are in good health, and by the payment of the premiums required by the association, provided the policy is not over six (6) months in arrears. Acceptance of premium as of date of lapse shall reinstate the contract as of date premium is applied on lapse period.

E. No agent has the power on behalf of the association to modify this contract or to extend the time for payment of premium, the entire contract being that contained herein together with the application thereof.

F. The association reserves the right to investigate within one (1) year from date of application all statements made in the application as to age or condition of health, and should any of the statements made therein be found to be false, the association's liability shall be limited to the return of all premiums paid hereon, and the policyholders shall forfeit all rights to the funeral benefits. All applicants must be in good health when this contract is delivered.

G. This contract shall be incontestable after one (1) year, except for nonpayment of premiums.

H. If death and/or burial occurs more than fifty (50) miles from any location of the funeral home named herein and should the beneficiary therefore deem it impractical shall pay in cash to the member not less than fifty percent (50%) of the face value of the certificate to which the member is entitled or the full return of the premium paid by the member, not to

exceed three-fourths percent (3/4%) of the face value of the certificate, whichever amount is larger. Provided, however, if premium rates of not less than ten percent (10%) in excess of the rates described herein are requested by the association and approved by the commissioner, the standard provisions contained in this paragraph may provide for a cash settlement up to one hundred percent (100%) of the face value of the contract. If death and/or burial occurs within fifty (50) miles of any location of the funeral home named herein, and the member desires to use a funeral home other than the funeral home named in this contract, the association's liability shall be the full return of the premium paid by the member not to exceed the face value of the certificate.

I. There shall be no liability to any person or persons insured hereunder if death should occur through self-destruction or suicide, whether sane or insane, within one (1) year from date of issuance of this contract, or within one (1) year from the date of the date of any reinstatement. In the event of death by suicide or self-destruction, no return of premium shall be due under this contract.

Source: *Miss. Code Ann.* §§ 83-37-13; 83-37-35 (Rev. 2011)

Part 2 Chapter 4: (LA&H 78-2) Variable Contract Regulations.

Rule 4.01: Authority

Senate Bill 2407 of the 1978 Legislative Session became effective July 1, 1978. This Act permits the sale and issuance of Variable Life Insurance Contracts by life insurance companies in addition to Variable Annuity Contracts. It further eliminates the dual jurisdiction over variable contracts by removing such jurisdiction now in the Secretary of State; vests the Insurance Commissioner with sole jurisdiction thereof; repeals Section 83-7-47, Mississippi Code of 1972, which requires the registration of Separate Funds with the Secretary of State; and authorizes the Insurance Commissioner to issue such reasonable rules and regulations as may be appropriate to carry out the purposes and provisions of said Act.

These regulations become effective July 1, 1978 and replace the Variable Contract Regulations dated February 1, 1969.

Source: *Miss. Code Ann.* §§ 83-7-45 (Rev. 2011); 25-43-3.113 (Rev. 2010)

Rule 4.02: Definitions

A. The term "contract on a variable basis" or "variable contract" when used in this Regulation, shall mean any policy or contract which provides for insurance orannuity benefits which may vary according to the investment experience of any separate account or accounts maintained by the insurer as to such policy or contract, as provided for in Senate Bill 2407.

B. "Agent", when used in this Regulation, shall mean any person, who under the laws of this state is licensed as a life insurance agent.

C. “Variable contract agent”, when used in this Regulation, shall mean an agent who shall sell or offer to sell any contract on a variable basis.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 4.03: Qualifications of Insurance Companies to Issue “Variable Contracts”

A. No company shall deliver or issue for delivery variable contracts within thisstate unless (1) it is licensed or organized to do a life insurance or annuity business in this state; and (2) the Commissioner is satisfied that its condition or method of operation in connection with the issuance of such contracts will not render its operation hazardous tothe public or its policyholders in this state. In this connection, the Commissioner shallconsider among other things:

1. The history and financial condition of the company;

2. The character, responsibility and fitness of the officers and directorsof the company; and

3. The law and regulation under which the company is authorized in the state of domicile to issue variable contracts.

B. If the company is a subsidiary of an admitted life insurance company, or affiliated with such company by common management or ownership, it may be deemed by the Commissioner to have satisfied the provisions of clause (2) of Paragraph 1 hereof if either it or such admitted life company satisfies the aforementioned provision; provided, further, that companies licensed and having a satisfactory record of doing business in this state for a period of at least 3 years may be deemed to have satisfied the Commissioner with respect to Clause (2) of Paragraph 1 above.

C. Before any company shall deliver or issue for delivery variable contracts within this state it shall submit to the Commissioner (a) a general description of the kinds of variable contracts it intends to issue; (b) if requested by the Commissioner, a copy of the statutes and regulations of its state of domicile under which it is authorized to issue variable contracts and (c) if requested by the Commissioner, biographical data with respectto officers and directors of the company on the uniform NAIC biographical data form.

D. Before any company shall deliver or issue for delivery variable contracts within this state, it shall have assets in excess of $20,000,000 and in addition thereto, have an maintain an amount of capital and surplus, if a stock company, or an amount of surplus, if a mutual company, of at least $3,000,000. This provision may be waived if the Commissioner is satisfied that the condition of such company and its method of operation in the issuance of variable contracts otherwise affords adequate protection to contractholders; provided, however, any waiver shall be granted only to a company that

restricts their variable contracts to those regulated by the Securities and Exchange Commissioner.

Source: *Miss. Code Ann.* §83-7-45 (Rev. 2011)

Rule 4.04: Separate Account or Separate Accounts

A. A domestic company issuing variable contracts shall establish one or more separate accounts pursuant to Senate Bill 2407 subject to the following provisions of this Article:

1. Except as hereinafter provided, amounts allocated to any separate account and accumulation thereon may be invested and reinvested without regard to any requirements or limitations prescribed by the laws of this state governing the investments of life insurance companies; provided, that to the extent that the company's reserve liability with regard to (i) benefits guaranteed as to dollar amount and duration, and (ii) funds guaranteed as to principal amount or stated rate of interest is maintained in any separate account, a portion of the assets of such separate account at least equal to such reserve liability shall be, except as the Commissioner may otherwise approve, invested in accordance with the laws of this state governing the investments of life insurance companies. The investments in such separate account or accounts shall not be taken into account in applying the investment limitations applicable to the investments of the company.

2. With respect to 75% of the market value of the total assets in a separate account no company shall purchase or otherwise acquire the securities of any issuer, other than securities issued or guaranteed as to principal or interest by the United States, if immediately after such purchase or acquisition the market value of such investment of such separate account in such security taken at market, would exceed 10% of the market value of the assets of said separate account; provided, however, that the Commissioner may waive such limitation if, in his opinion, such waiver will not render the operation of such separate account hazardous to the public or the policyholders in this state.

3. No company shall, whether for its separate accounts or otherwise, invest in the voting securities of a single issuer in an amount in excess of 10% of the total issued and outstanding voting securities of such issuer provided that the foregoing shall not apply with respect to securities held in separate accounts, the voting rights in which are exercisable only in accordance with instructions from persons having interests in such accounts.

4. The limitations provided in subparagraphs (b) and (c) above shall not apply to the investment with respect to a separate account in the securities of an investment company registered under the Investment Company Act of 1940, provided that the investments of such investment company comply with subparagraphs (b) and (c) hereof.

B. Unless otherwise approved by the Commissioner: assets allocated to a separateaccount shall be valued at their market value on the date of valuation, or if there is no readily available market, then as provided under the terms of the contract or the rules or other written agreement applicable to such separate account; provided, that the portion of the assets of such separate account equal to the company's reserve liability with regard to the benefits and funds referred to in clause (i) and (ii) of Paragraph 1(a), if any, shall be valued in accordance with the rules otherwise applicable to the company's assets.

C. If and to the extent so provided under the applicable contracts, that portion of the assets of any such separate account equal to the reserves and other contract liabilities with respect to such account shall not be chargeable with liabilities arising out of any other business the company may conduct.

D. Notwithstanding any other provision of law a company may:

1. with respect to any separate account registered with the Securities and Exchange Commission as a unit investment trust exercise voting rights in connection with any securities of a regulated investment company registered under the Investment Company Act of 1940 and held in such separate accounts in accordance with instructions from persons having interests in such accounts ratably as determined by the company, or

2. with respect to any separate account registered with the Securities and Exchange Commissioner as a management investment company, establish for such account a committee, board, or other body, the members of which may or may not be otherwise affiliated with such company and may be elected to such membership by the vote of persons having interests in such account ratably as determined by the company. Such committee, board or other body may have the power, exercisable alone or in conjunction with others, to manage such separate account and the investment of its assets.

A company, committee, board or other body may make such other provisions in respect to any such separate account as may be deemed appropriate to facilitate compliance with requirements of any Federal or State law now or hereafter in effect; provided that the Commissioner approves such provisions as not hazardous to the public or the company's policyholders in this state.

E. No sale, exchange or other transfer of assets may be made by a company between any of its separate accounts or between any other investment account and one or more of its separate accounts unless, in case of a transfer into a separate account, such transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made, and unless such transfer, whether into or from a separate account, is made (a) by a transfer of cash, or (b) by a transfer of securities having a valuation which could be readily determined in the marketplace, provided that such transfer of securities is approved by the Commissioner.

The Commissioner may authorize other transfers among such accounts if, in his opinion, such transfers would not be inequitable.

F. The company shall maintain in each such separate account assets with a value at least equal to the reserves and other contract liabilities with respect to such account, except as may otherwise be approved by the Commissioner.

G. Rules under any provision of the Insurance Law of this state or any regulation applicable to the officers and directors of insurance companies with respect to conflicts of interest shall also apply to members of any separate account's committee, board or other similar body. No officer or director of such company nor any member of the committee, board or body of separate account shall receive directly or indirectly any commission or any other compensation with respect to the purchase or sale of assets of such separate account.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 4.05: Filing Of Contracts

The filing requirements applicable to variable contracts shall be those filing requirements otherwise applicable under existing statutes and regulations of this state with respect to individual and group life insurance and annuity contract form filings, to the extent appropriate.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 4.06: Contracts Providing For Variable Benefits

A. Any variable contract providing benefits payable in variable amounts delivered or issued for delivery in this state shall contain a statement of the essential features of the procedures to be followed by the insurance company in determining the dollar amount of such variable benefits. Any such contract, including a group contract and any certificate issued thereunder, shall state that such dollar amount may vary to reflect investment experience and shall contain on its first page a clear statement to the effect that the benefits thereunder are on a variable basis.

B. Illustrations of benefits payable under any contract providing benefits payable in variable amounts shall not include projections of past investment experience into the future or attempted predictions of future investment experience; provided that nothing contained therein is intended to prohibit use of hypothetical assumed rates of return to illustrate possible levels of annuity payments.

C. No individual variable annuity contract calling for the payment of periodic stipulated payments shall be delivered or issued for delivery in this state unless it contains in substance the following provisions or provisions which in the opinion of the Commissioner are more favorable to the holders of such contracts:

1. a provision that there shall be a period of grace of 30 days or of one month, within which any stipulated payment to the insurer falling due after the first may be made, during which period of grace the contract shall continue in force. The contract may include a statement of the basis for determining the date as of which and such payment received during the period of grace shall be applied to produce the values under the contract arising therefrom;

2. a provision that, at any time within three (3) years from the date of default, in making periodic stipulated payments to the insurer during the life of the annuitant and unless the cash surrender value has been paid, the contract may be reinstated by the contract, and of all indebtedness to the insurer on the contract for determining the date as of which the amount to cover such overdue payments and indebtedness shall be applied to produce the values under the contract arising therefrom;

3. a provision specifying the options available in the event of default in a periodic stipulated payment. Such options may include an option to surrender the contract for a cash value as determined by the contract, and shall include an option to receive a paid-up annuity if the contract is not surrendered for cash, the amount of such paid-up annuity being determined by applying the value of the contract at the annuity commencement date in accordance with the terms of the contract.

D. No individual variable life insurance policy shall be delivered or issued for delivery in this state unless it contains in substance the following provisions or provisions which in the opinion of the Commissioner are more favorable to the holders of suchpolicies:

1. a provision that there shall be a period of grace of 30 days or of one month, within which payment of any premium after the first may be made, during which periodof grace the policy shall continue in force, but if a claim arises under the policy shall continue in force, but if a claim arises under the policy during such period of grace before the overdue premiums or the deferred premiums of the current policy year, if any, are paid, the amount of such premiums, together with interest, may be deducted from any amount payable under the policy in settlement. The policy may contain a statement of the basis for determining any variation in benefits as a result of the paymentof premium during the period of grace.

2. a provisions that the policy will be reinstated at any time within three (3) years from the date of default, unless the cash surrender value has been paid or unless the period of extended insurance has expired upon the application of the insured and the production of evidence of insurability, including good health, satisfactory to the insurer and the payment of an amount not exceeding the greater of 1. All overdue payments andthe payment of any other indebtedness to the insurer upon said policy with interest, or 2. 110% of the increase in cash surrender value resulting from reinstatement.

3. a provision for cash surrender values and paid-up insurance benefits available as non-forfeiture options under the policy in the event of default in a premium payment after premiums have been paid for a specified period. If the policy does not include a table of figures for the options so available, the policy shall provide that the company will furnish at least once in each policy year a statement showing the cash value as of a date no earlier than the prior policy anniversary. The method of computation of cash value and other non-forfeiture benefits, as described either in the policy or in a statement filed with the Commissioner of the jurisdiction in which the policy is delivered, shall be accordance with actuarial procedures that recognize the variable nature of the policy. The method of computation must be such that, if the net investment return credited to the contract at all times from the date of issue should be equal to the assumed investment increment factor if the contract provided for such a factor, or 3½ % if not, with premiums and benefits determined accordingly under the terms of the policy, the resulting cash values and other non-forfeiture benefits would be at least equal to the minimum values required bySection 83-7-25, Mississippi Code of 1972, Annotated (Standard Non-Forfeiture Law), for afixed dollar policy with such premiums and benefits. The method of computation may disregard incidental minimum guarantees as to the dollar amounts payable. Incidental minimum guarantees include, for example, but are not to be limited to, a guarantee under a policy which provides for an assumed investment increment factor that the amount payable at death or maturity shall be at least equal to the amount that otherwise would have been payable if the net investment to the contract at all times from the date of issue had been equal to such factor.

E. Any variable annuity contract delivered or issue for a delivery in this State shall stipulate the investment increment factors to be used in computing the dollar amount of variable benefits or other variable contractual payments or values thereunder, and may guarantee that expense and/or mortality results shall not adversely affect such dollar amounts. In the case of an individual variable annuity contract under which the expense and mortality results may adversely affect the dollar amount of benefits, the expense and mortality factors shall be stipulated in the contract. In computing the dollar amount of variable benefits or other contractual payments or values under an individual variable annuity contract:

1. The annual net investment increment assumption shall not exceed 5%, except with the approval of the Commissioner,

2. To the extent that the level of benefits may be affected by future mortality results, the mortality factor shall be determined from the Annuity Mortality Table for 1949, Ultimate, or any modifications of that table not having a lower life expectancy at any age, or, if approved by the Commissioner, from another table. “Expense”, as used in this Paragraph, may exclude some or all taxes, as stipulated in the contract.

F. Any individual variable life insurance policy delivered or issued for delivery in this State shall stipulate the investment increment factor to be used in computing the dollar amount of variable benefits or other variable contractual payments or values thereunder and shall guarantee that expense and mortality results shall not adversely affect such dollar amounts.

G. The reserve liability for variable contracts shall be established pursuant to the requirements of Section 83-7-23, Mississippi Code of 1972, Annotated, in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

H. A company issuing variable life insurance contracts with a stated amount of guaranteed minimum death benefit shall hold in a separate account assets at least equal to the entire reserve for the death benefit (such reserve being determined in accordance with paragraph (7) above), except that additional assets supporting the reserve described in (a) below shall be maintained in the company's general account.

1. The portion of the reserve in the general account is to provide for the contingency of death occurring when the guaranteed minimum death benefit that wouldhave been paid in the absence of such guarantee. Such additional reserve shall be accumulated from amounts regularly allocated by the company for this purpose and shallbe charged with any excess of the actual death benefits paid by the company on such variable life insurance contracts over the death benefits that would have been payable in the absence of the guaranteed minimum death benefit.

2. In no event, however, may the portion of the reserve maintained in the general account be less than either of the two minimum reserves described in (3) and (4) below.

3. The first minimum reserve equal the aggregate total of the term cost, if any, covering a period of one full year from the valuation date, of the guarantee on each such variable life insurance contract, assuming an immediate one-third depreciation in the current value of the assets of the separate account followed by a net investment return equalto the assumed investment increment factor.

4. The second minimum reserve equals the aggregate total of the "attained age level" reserves on each such variable life insurance contract. The "attained age level" reserve on each such variable life insurance contract shall not be less than zero and shall equal the "residue", as described in (5) below, of the prior year's "attained age level" reserve on the contract, with any such "residue" increased or decreased by a payment computed on an attained age basis as described in (6) below.

5. The "residue" of the prior year's "attained age level" reserve on each such variable life insurance contract shall not be less than zero and shall be determined

by adding interest at the valuation interest rate to such prior year's reserve, deducting the tabular claims based on the "excess", if any, of the guaranteed minimum death benefit, over the death benefit that would be payable in the absence of such guarantee, and dividing the net result by a tabular probability of survival. The "excess" referred to in thepreceding sentence shall be based on the actual level of death benefits that would have been in effect during the preceding year in the absence of the guarantee, taking appropriate account of the reserve assumptions regarding the distribution of death claims payments over the year.

6. The payment referred to in (4) above shall be computed so that the present value of a level payment of that amount each year over the future premium paying period of the contract is equal to (i) minus (ii) minus (iii), where (i) is the present value of the future guaranteed minimum death benefits, (ii) is the present value of the future death benefits that would be payable in the absence of such guarantee and (iii) is any "residue" as described in (e) above, of the prior year's "attained age level" reserve on such variable life insurance contract. If the contract is paid-up, the payment shall equal (i) minus (ii) minus (iii). The amounts of future death benefits referred to in (ii) shall be computed assuming a net investment return of the separate account which may differ from the assumed investment increment factor and/or the valuation interest rate but in no event may exceed the maximuminterest rate permitted for the valuation of life insurance contracts.

7. The valuation interest rate and mortality table used in computing the two minimum reserves described in (3) and (4) above shall conform to permissible standards for the valuation of life insurance contracts. In determining such minimum reserves, the company may employ suitable approximations and estimates, including but not limited to groupings and averages.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 4.07: Required Reports

A. Any company issuing variable contracts providing benefits in variable contracts providing benefits in variable amounts shall mail to the contractholder at least once in each contract year after the first at his last address known to the company, a statement or statements reporting the investments held in the separate account and, in the case of contracts under which payments have not yet commenced, a statement reporting as of a date not more than four months previous to the date of mailing, (a) the number of accumulation units credited to such contracts and the dollar value of a unit, or (b) the value of the contractholder's account.

B. The company shall submit annually to the Insurance Commissioner a statement of the business of its separate account or accounts in such form as may be prescribed by the National Association of Insurance Commissioners.

Source: *Miss. Code Ann.* §§ 83-5-55; 83-7-45 (Rev. 2011)

Rule 4.08: Foreign Companies

If the law or regulation in the place of domicile of a foreign company provided a degree of protection to the policyholders and the public which is substantially equal to that provided by these regulations, the Commissioner, to the extent deemed appropriate by him in his discretion, may consider compliance with such law or regulation as compliance with these regulations.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 4.09: Qualification and Examination of Agents

A. Variable contract agents

    1. No agent shall be eligible to sell or offer for sale a variable contract unless prior to making any solicitation or sale of such contract, he also is licensed as a variable contract agent. However, any agent who is licensed as a variable contractagent on theeffective date of this rule shall continue to be licensed as a variablecontract agent.

    2. Any agent who participated only in the sale or offering for sale of variable contracts thatare not registered under the Federal Securities Act of 1933 need not belicensed as a variable contract agent.

B. Any agent applying for a license as a variable contract agent shall do so by filing with this Department his application. All such applications shall be in writing on uniform forms prescribed by the Department. The applicant shall, upon oath, answer such interrogatories as the Commissioner may require in such application, and the application shall be certified by an authorized representative of an insurance company lawfully authorized in the state to write variable contracts.

C. There shall not be a written examination for a variable contract agent; however, as a prerequisite to be so licensed as a variable contract agent, the following requirements shall be met:

    1. The applicant shall be a duly life insurance agent at the time he files his application for a variable contract license.

    2. He shall be duly qualified by examination under The National Association of Securities Dealers, Inc. Examination for Principals, or Examination for Qualification as a Registered Representative.

D. Except as modified by this Rule, state statutes and Rules of this Department governing the licensing of life insurance agents shall apply hereto.

E. Each variable contract agent shall be required to hold a Certificate of Authority with any insurer for which he is to place a contract of insurance.

F. Any person licensed in this State as a variable contract agent shall immediately report to the Commissioner (a) any suspension or revocation of his variable contract agent's license or life insurance agent's license in any other State or Territory of the United State, (b) the imposition of any disciplinary sanction (including suspension or expulsion from membership, suspension or revocation of or denial of registration) imposed upon him by any national securities exchange, or national securities association, or any federal, or state or territorial agency with jurisdiction over securities or contracts on a variable basis, (c) any judgment or injunction entered against him on the basis of conduct deemed to have involved fraud, deceit, misrepresentation or violation of any insurance or securities law or regulation.

G. The Commissioner may reject any application or suspend or revoke or refuse to renew any variable contract agent's license upon any ground that would bar such applicant or such agent from being licensed to sell life insurance contracts in this State. The rules governing any proceedings relating to the suspension or revocation of a life insurance agent's license shall also govern any proceeding for suspension or revocation of a variable contract agent's license.

H. A non-resident applicant may qualify for a variable contract license only if he holds a like license in his state of domicile and that such other state has a reciprocal agreement for the purpose of licensing variable contract agents.

These Rules and Regulations shall become effective July 1, 1978.

Promulgated and Adopted, this the 1st day of July 1, 1978.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Part 2 Chapter 5: (84-101) Variable Life Insurance.

Rule 5.01: Preamble

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Sections 83-5-1, 83-7-45, 83-7-49, 83-17-129, 83-17-227 through 83-17-233 and 83-19-97, of the Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedures Law, do hereby promulgate the following regulation with an effective date of July 1, 1984, upon compliance with the applicable statutes, to read as follows:

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010); 83-7-45 (Rev. 2011)

Rule 5.02: Purpose

The purpose of this regulation is to promote the public welfare by regulating variable life insurance. Nothing in this regulation is intended to prohibit or discourage reasonable competition. The provisions of this regulation shall be liberally construed.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.03: Definitions

A. Affiliate.

"Affiliate" of an insurer means any person, directly or indirectly, controlling, controlled by, or under common control with such insurer; any person who regularly furnishes investment advice to such insurer with respect to its separate accounts for which a specific fee or commission is charged; or any director, officer, partner, or employee of any such insurer, controlling or controlled person, or person providing investment advice or any member of the immediate family of such person.

B. Agent.

"Agent" means all individuals partnerships, and any corporate incorporated pursuant to Title 79, Chapter 9, Mississippi Code of 1972 and defined therein.

C. Assumed Investment Rate

"Assumed investment rate" means the rate of investment return which would be required to be credited to a variable life insurance policy, after deduction of charges for taxes, investment expenses, and mortality and expense guarantees to maintain the variable death benefit equal at all times to the amount of death benefit, other than incidental insurance benefits, which would be payable under the plan of insurance if the death benefit did not vary according to the investment experience of the separate account.

D. Benefit Base.

"Benefit base" means the amount, to which the net investment return is applied.

E. Commissioner.

"Commissioner" means the Insurance Commissioner of the State of Mississippi.

F. Control.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official

position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing more than ten (10) percent of the voting securities of any other person. This presumption may be rebutted by a showing made to the satisfaction of the Commissioner that control does not exist in fact. The Commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

G. Flexible Premium Policy.

"Flexible premium policy" means any variable life insurance policy other than a scheduled premium policy as specified in Subsection (o) of Section 2 of this regulation.

H. General Account.

"General account" means all assets of the insurer other than assets in separate accounts established pursuant to Section 83-7-27 of the Mississippi Code of 1972, Annotated and Amended, or pursuant to the corresponding section of the Insurance Laws of the state of domicile to the corresponding section of the Insurance Laws of the state of domicile of a foreign or alien insurer, whether or not for variable life insurance.

I. Incidental Insurance Benefit.

"Incidental insurance benefit" means all insurance benefits in a variable life insurance policy, other than the variable death benefit and the minimum death benefit, including but not limited to accidental death and dismemberment benefits, disability benefits, guaranteed insurability options, family income, or term riders.

J. May.

"May" is permissive.

K. Minimum Death Benefit.

"Minimum death benefit" means the amount of the guaranteed death benefit, other than incidental insurance benefits, payable under a variable life insurance policy regardless of the investment performance of the separate account.

L. Net Investment Return.

"Net investment return" means the rate of investment return in a separate account to be applied to the benefit base.

M. Person.

"Person" means an individual, corporation, partnership, association, trust, fund, joint stock company, unincorporated organization, and similar entity or any policy are deducted from the policy's cash value.

N. Policy Processing Day.

"Policy processing day" means the day on which charges authorized in the policy are deducted from the policy's cash value.

O. Scheduled Premium Policy.

"Scheduled premium policy" means any variable life insurance policy under which both the amount and timing of premium payments are fixed by the insurer.

P. Separate Account.

"Separate account" means a separate account established pursuant to Section 83- 7-27, Mississippi Code of 1972, Annotated and Amended, or pursuant to the corresponding Section of the Insurance Laws of the state of domicile of a foreign or alien insurer.

Q. Shall.

"Shall" is mandatory.

R. Variable Death Benefit.

"Variable death benefit" means the amount of the death benefit, other than incidental insurance benefits, payable under a variable life insurance policy dependent on the investment performance of the separate account, which the insurer would have to pay in the absence of any minimum death benefit.

S. Variable Life Insurance Policy.

"Variable life insurance policy" means any individual policy which provides for life insurance the amount or duration of which varies according to the investment experience of any separate account or accounts established and maintained by the insurer as to such policy, pursuant to Sections 83-7-27 and 83-7-41, Mississippi Code of 1972, Annotated and Amended, or pursuant to the corresponding section of the Insurance Laws of the state of domicile of a foreign or alien insurer.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.04: Qualification of Insurer to Issue Variable Life Insurance

The following requirements are applicable to all insurers either seeking authority to issue variable life insurance in this state or having authority to issue variable life insurance in this state.

A. Licensing and Approval to do Business in this State.

An insurer shall not deliver or issue for delivery in this state any variable life insurance policy unless:

1. the insurer is licensed to do a life insurance business in this state;

2. the insurer has obtained the written approval of the Commissioner for the issuance of variable life insurance policies in this state. The Commissioner shall grant such written approval only after he has found that:

    a. the plan of operation for the issuance of variable life insurance policies is not unsound;

    b. the general character, reputation, and experience of the management and those persons or firms proposed to supply consulting, investment, administrative, or custodial services to the insurer are such as to reasonably assure competent operation of the variable life insurance business of the insurer in this state; and

    c. the present and foreseeable future financial condition of the insurer and its method of operation in connection with the issuance of such policies is not likely to render its operation hazardous to the public or its policyholders in this state. The Commissioner shall consider, among other things:

        i. the history of operation and financial condition of the insurer;

        ii. the qualifications, fitness, character, responsibility, reputation, and experience of the officers and directors and other management of the insurer and those persons or firms proposed to supply consulting, investment, administrative, or custodial services to the insurer;

        iii. the applicable law and regulations under which the insurer is authorized in its state of domicile to issue variable life insurance policies. The state of entry of an alien insurer shall be deemed its state of domicile for this purpose; and

        iv. if the insurer is a subsidiary of, or is affiliated by common management or ownership with another company, its relationship to such other company and the degree to which the requesting insurer, as well as the other company, meet these standards.

3. Before any insurer shall deliver or issue for delivery any variable life insurance policy within this state, it shall have assets in excess of $20,000,000.00 and in addition thereto, have and maintain an amount of capital and surplus, if a stock company, or an amount of surplus, if a mutual company, of at least 3,000,000.00. This provision may be waived if the Commissioner is satisfied that the condition of such company and its method of operation in the issuance of variable life insurance policies otherwise affords adequate protection to contract holders; provided, however, any waiver shall be granted only to a company that restricts their variable life insurance contracts to those regulated by the Securities and Exchange Commission.

B. Filing for Approval to do Business in This State.

1. Before any insurer shall deliver or issue for delivery any variable life insurance policy in this state, it shall file with this Department the following information for the consideration of the Commissioner in making the determination required by Subsection (a)(2) of this Section.

2. copies of and a general description of the variable life insurance policies it intends to issue;

3. If requested by the Commissioner, a general description of the methods of operation of the variable life insurance business of the insurer, including methods of distribution of policies and the names of those persons or firms proposed to supply consulting, investment, administrative, custodial or distribution services to the insurer;

4. If requested by the Commissioner, with respect to any separate account maintained by an insurer for any variable life insurance policy, a statement of the investment policy the issuer intends to follow for the investment of the assets held in such separate account, and a statement of procedures for changing such investment policy. The statement of investment policy shall include a description of the investment objectives intended for the separate account;

5. If requested by the Commissioner, a description of any investmentadvisory services contemplated as required by Subsection (j) of Section 6;

6. If requested by the Commissioner, a copy of the statutes and regulations of the state of domicile of the insurer under which it is authorized to issue variable life insurance policies; and

7. If requested by the Commissioner, biographical data with respect to officers and directors of the insurer on the National Association of Insurance Commissioners Uniform Biographical Data Form; and

8. If requested by the Commissioner, a statement of the insurer's actuary describing the mortality and expense risks which the insurer will bear under the policy.

9. Any other information which the Commissioner may require with respect to making the determination required by this regulation as well as the other applicable laws and regulations.

C. Standards of Suitability.

Every insurer seeking approval to enter into the variable life insurance business in this state shall establish and maintain a written statement specifying the Standards of Suitability to be used by the insurer. Such Standards of Suitability shall specify that no recommendations shall be made to an applicant to purchase a variable life insurance policy and that no variable life insurance policy shall be issued in the absence of reasonable grounds to believe that the purchase of such policy is not unsuitable for such applicant on the basis of information furnished after reasonable inquiry of such applicant concerning the applicant's insurance and investment objectives, financial situation and needs and any other information known to the insurer or to the agent making the recommendation.

1. Use of Sales Materials.
An insurer authorized to transact variable life insurance business in this state shall not use any sales material, advertising material, or descriptive literature or other materials of any kind in connection with its variable life insurance business in this state which is false, misleading, deceptive, or inaccurate.

D. Requirements Applicable to Contractual Services.

Any material contract between an insurer and suppliers of consulting, investment, administrative, sales, marketing, custodial, or other services with respect to variable life insurance operations shall be in writing and provide that the supplier of such services shall furnish the Commissioner with any information or reports in connection with such services which the Commissioner may request in order to ascertain whether the variable life insurance operations of the insurer are being conducted in a manner consistent with these regulations and any other applicable law or regulation.

E. Reports to the Commissioner.

1. Any insurer licensed to transact the business of variable life insurance in this state shall submit to the Commissioner, in addition to any other materials which may be required by this regulation or any other applicable laws or regulations:

a. an Annual Statement of the business of its separate account or accounts in such form as may be prescribed by the National Association of Insurance Commissioners; and

b. prior to the use in this state any information furnished to applicants as provided for in Section 7; and

c. prior to the use in this state the form of any of the Reports to Policyholders as provided for in Section 9; and

d. such additional information concerning its variable life insurance operations or its separate accounts as the Commissioner shall deem necessary.

2. Any material submitted to the Commissioner under this Section shall be disapproved if it is found to be false, misleading, deceptive, or inaccurate in any material respect and, if previously distributed, the Commissioner shall require the distribution of amended material.

F. Authority of Commissioner to Disapprove.

Any material required to be filed with and approved by the Commissioner shall be subject to disapproval if at any time it is found by him not to comply with the standards established by this regulation.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.05: Insurance Policy Requirements

Policy Qualification: The Commissioner shall not approve any variable life insurance form filed pursuant to this regulation unless it conforms to the requirements of this Section.

A. Filing of Variable Life Insurance Policies.

All variable life insurance policies, and all riders, endorsements, applications and other documents which are to be attached to and made a part of the policy and which relate to the variable nature of the policy, shall be filed with the Commissioner and approved by him prior to delivery or issuance for delivery in this state.

1. The procedures and requirements for such filing and approval shall be, to the extent appropriate and not inconsistent with this regulation, the same as those otherwise applicable to other life insurance policies.

2. The Commissioner may approve variable life insurance policies and related forms with provisions the Commissioner deems to be not less favorable to the policyholder and the beneficiary than those required by this regulation.

B. Mandatory Policy Benefit and Design Requirements.

Variable life insurance policies delivered or issued for delivery in this state shall comply with the following minimum requirements.

1. Mortality and expense risks shall be borne by the insurer. The mortality and expense charges shall be subject to the maximums stated in the contract.

2. For scheduled premium policies, a minimum death benefit shall be provided in an amount at least equal to the initial face amount of the policy so long as premiums are duly paid (subject to the provisions of Subsection (c)(2) of this Section);

3. The policy shall reflect the investment experience of one or more separate accounts established and maintained by the insurer. The insurer must demonstrate that the variable life insurance policy is actuarially sound.

4. Each variable life insurance policy shall be credited with the full amount of the net investment return applied to the benefit base.

5. Any changes in variable death benefits of each variable life insurance policy shall be determined at least annually.

6. The cash value of each variable life insurance policy shall be determined at least monthly. The method of computation of cash values and other non-forfeiture benefits, as described either in the policy or in a statement filed with the Commissioner of the state in which the policy is delivered, or issued for delivery, shall be in accordance with actuarial procedures that recognize the variable nature of the policy. The method of computation must be such that, if the net investment return credited to the policy at all times from the date of issue should be equal to the assumed investment rate with premiums and benefits determined accordingly under the terms of the policy, then the resulting cash values and other non-forfeiture benefits must be at least equal to the minimum values required by Section 83-7-25 (Standard Non-Forfeiture Law) for a general account policy with such premiums and benefits. The assumed investment rate shall not exceed the maximum interest rate permitted under the Standard Non-Forfeiture Law of this state. If the policy does not contain an assumed investment rate this demonstration shall be based on the maximum interest rate permitted under the Standard Non-Forfeiture Law. The method of computation may disregard incidental minimum guarantees as to the dollar amounts payable. Incidental minimum guarantees include, for example, but are not limited to, a guarantee that the amount payable at death or maturity shall be at least equal to the amount that otherwise would have been payable if the net investment return credited to the policy at all times from the date of issue had been equal to the assumed investment rate.

7. The computation of values required for each variable life insurance policy may be based upon such reasonable and necessary approximations as are acceptable to the Commissioner.

C. Mandatory Policy Provisions.

Every variable life insurance policy filed for approval in this state shall contain at least the following:

1. The cover page or pages corresponding to the cover pages of each such policy shall contain:

    a. A prominent statement in either contrasting color or in boldface type that the amount or duration of death benefit may be variable or fixed under specified conditions;

    b. A prominent statement in either contrasting color or in boldface type that cash values may increase or decrease in accordance with the experience of the separate account subject to any specified minimum guarantees;

    c. A statement describing minimum death benefit required pursuant to Subsection (b)(2) of Section 4;

    d. The method, or a reference to the policy provision which describes the method, for determining the amount of insurance payable at death;

    e. To the extent permitted by state law, a captioned provision that the policyholder may return the variable life insurance policy within ten (10) days of receipt of the policy by the policyholder, and receive a refund equal to the sum of (A) the difference between the premiums paid including any policy fees or other charges and the amounts allocated to any separate accounts under the policy and (B) the value of the amounts allocated to any separate accounts under the policy, on the date the returned policy is received by the insurer or its agent. Until such time as state law authorizes the return of payments as calculated in the preceding sentence, the amount of the refund shall be total of all premium payments for such policy;

    f. Such other items as are currently required for fixed benefit life insurance policies and which are not inconsistent with this regulation.

2. For:

    a. For scheduled premium policies, a provision for a grace period of not less than thirty-one (31) days from the premium due date which shall provide that where the premium is paid within the grace period, policy values will be the same, except for the deduction of any overdue premium, as if the premium were paid on or before the due date.

    b. For flexible premium policies, a provision for a grace period beginning on the policy processing day when the total charges authorized by the

policy that are necessary to keep the policy in force until the next policy processing day exceed the amounts available under the policy to pay such charges in accordance with the terms of the policy. Such grace period shall end on a date not less than sixty-one (61) days after the mailing date of the Report to Policyholders required by Subsection (c) of Section 9.

The death benefit payable during the grace period will equal the death benefit in effect immediately prior to such period less any overdue charges. If the policy processing day occurs monthly, the insurer may require the payment of not more than 3 times the charges which were due on the policy processing day on which the amounts available under the policy were insufficient to pay all charges authorized by the policy that are necessary to keep such policy in force until the next policy processing day.

3. For scheduled premium policies, a provision that the policy will be reinstated at any time within three years from the date of default upon the written application of the insured and evidence of insurability, including good health, satisfactory to the insurer, unless the cash surrender value has been paid or the period of extended insurance has expired, upon the payment of any outstanding indebtedness arising subsequent to the end of the grace period following the date of default together with accrued interest thereon to the date of reinstatement and payment of an amount not exceeding the greater of:

    a. All overdue premiums with interest at a rate not exceeding that permitted by Section 83-7-26, Mississippi Code of 1972, as Amended, and any indebtedness in effect at the end of the grace period following the date of default with interest at a rate not exceeding that permitted by Section 83-7-26, Mississippi Code of 1972, as Amended, or

    b. 110% of the increase in cash value resulting from reinstatement plus all overdue premiums for incidental insurance benefits with interest at a rate not exceeding 8 percent per annum compounded annually.

4. A full description of the benefit base and of the method of calculation and application of any factors used to adjust variable benefits under the policy;

5. A provision designating the separate account to be used and stating that:

    a. The assets of such separate account shall be available to cover the liabilities of the general account of the insurer only to the extent that the assets of the separate account exceed the liabilities of the separate account arising under the variable life insurance policies supported by the separate account.

    b. The assets of such separate account shall be valued at least as often as any policy benefits vary but at least monthly.

6. A provision specifying what documents constitute the entire insurance contract under state law;

7. A designation of the officers who are empowered to make an agreement or representation on behalf of the insurer and an indication that statements by the insured, or on his behalf, shall be considered as representations and not warranties;

8. An identification of the owner of the insurance contract;

9. A provision setting forth conditions or requirements as to the designation, or change of designation, of a beneficiary and a provision for disbursement of benefits in the absence of a beneficiary designation;

10. A statement of any conditions or requirements concerning the assignment of the policy;

11. A description of any adjustments in policy values to be made in the event of misstatement of age or sex of the insured;

12. A provision that the policy shall be incontestable by the insurer after it has been in force for two years during the lifetime of the insured, provided, however, that any increase in the amount of the policy's death benefits subsequent to the policy issue date, which increase occurred upon a new application or request of the owner and was subject to satisfactory proof of the insured's insurability, shall be incontestable after any such increase has been in force, during the lifetime of the insured, for two years from the date of the issue of such increase;

13. A provision stating that the investment policy of the separate account shallnot be changed without the approval of the Insurance Commissioner of the state of domicile of the insurer, and that the approval process is on file with the Commissioner of this state;

14. A provision that payment of variable death benefits in excess of any minimum death benefits, cash values, policy loans, or partial withdrawals, (except when used to pay premiums) or partial surrenders may be deferred:

    a. For up to six months from the date of request, if such payments are based on policy values which do not depend on the investment performance of the separate account, or

    b. Otherwise, for any period during which the New York Stock Exchange is closed for trading (except for normal holiday closing) or when the Securities and Exchange Commission has determined that a state of emergency exists which may make such payment impractical.

15. If settlement options are provided, at least one such option shall be providedon a fixed basis only;

16. A description of the basis for computing the cash value and the surrender value under the policy shall be included;

17. Premiums or charges for incidental insurance benefits shall be started separately;

18. Any other policy provisions required by this regulation;

19. Such other items as are currently required for fixed benefit life insurance policies and are not inconsistent with this regulation;

20. A provision for non-forfeiture insurance benefits. The insurer may establish a reasonable minimum cash value below which any non-forfeiture insurance options will not be available.

D. Policy Loan Provisions.

Every variable life insurance policy, other than term insurance policies and pure endowment policies, delivered or issued for delivery in this state shall contain provisionswhich are not less favorable to the policyholder than the following:

A provision for policy loans after the policy has been in force for three (3) full years which provides the following:

1. At least 75% of the policy's cash surrender value may be borrowed;

2. The amount borrowed shall bear interest at a rate not to exceed that permitted by state insurance law;

3. Any indebtedness shall be deducted from the proceeds payable on death;

4. Any indebtedness shall be deducted from the cash surrender value upon surrender or in determining any non-forfeiture benefit;

5. For scheduled premium policies, whenever the indebtedness exceeds the cash surrender value, the insurer shall give notice of any intent to cancel the policy if the excess indebtedness is not repaid within thirty-one days after the date of mailing of such notice. For flexible premium policies, whenever the total charges authorized by the policy that are necessary to keep the policy in force until the next following processing day exceed the amounts available under the policy to pay such charges, a report must be sent to the policyholder containing the information specified by Subsection (c) of Section 9;

6. The policy may provide that if, at any time, so long as premiums are duly paid, the variable death benefit is less than it would have been if no loan or withdrawal had ever been made, the policyholder may increase such variable death benefit up to what it would have been if there had been no loan or withdrawal by paying an amount not exceeding 100% of the corresponding increase in cash value and by furnishing such evidence of insurability as the insurer may request;

7. The policy may specify a reasonable minimum amount which may be borrowed at any time but such minimum shall not apply to any automatic premium loan provision;

8. No policy loan provision is required if the policy is under extended insurance non-forfeiture option;

9. The policy loan provisions shall be constructed so that variable life insurance policyholders who have not exercised such provisions are not disadvantaged by the exercise thereof;

10. Amounts paid to the policyholders upon the exercise of any policy load provision shall be withdrawn from the separate account and shall be returned to the separate account upon repayment except that a stock insurer may provide the amounts for policy loans from the general account.

E. Other Policy Provisions.

The following provision may in substance be included in a variable life insurance policy or related form delivered or issued for delivery in this state:

1. An exclusion for suicide within two years of the issue date of the policy; provided, however, that to the extent of the increased death benefits only, the policy mayprovide an exclusion for suicide within two years of any increase in death benefits which results from an application of the owner subsequent to the policy issue date;

2. incidental insurance benefits may be offered on a fixed or variable basis;

3. policies issued on a participating basis shall offer to pay dividend amounts in cash. In addition, such policies may offer the following dividend options:

    a. the amount of the dividend may be credited against premium payments;

    b. the amount of the dividend may be applied to provide amounts of additional fixed or variable benefit life insurance;

    c. the amount of the dividend may be deposited in the general account at a specified minimum rate of interest;

d. the amount of the dividend may be applied to provide paid-up amounts of fixed benefit one-year term insurance;

e. the amount of the dividend may be deposited as a variable deposit in a separate account.

4. A provision allowing the policyholder to elect in writing in the application for the policy or thereafter an automatic premium loan on a basis not less favorable than that required of policy loans under Subsection 4 of this Section, except that a restriction that no more than two consecutive premiums can be paid under this provision may be imposed;

5. A provision allowing the policyholder to make partial withdrawals;

6. Any other policy provision approved by the Commissioner.

Source: *Miss. Code Ann.* §§ 83-7-41; 83-7-26; 83-7-45 (Rev. 2011)

Rule 5.06: Reserve Liabilities for Variable Life Insurance

A. Reserve liabilities for variable life insurance policies shall be established under the Standard Valuation Law in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

B. For scheduled premium policies, reserve liabilities for the guaranteed minimum death benefit shall be reserve needed to provided for the contingency of death occurring when the guaranteed minimum death benefit exceeds the death benefit that would be paid in the absence of the guarantee, and shall be maintained in the general account of the insurer and shall be not less than the greater of the following minimum reserves:

1. The aggregate total of the term costs, if any, covering a period of one full year from the valuation date, of the guarantee on each variable life insurance contract, assuming an immediate one-third depreciation in the current value of the assets of the separate account followed by a net investment return equal to the assumed investment rate; or

2. The aggregate total of the "attained age level" reserves on each variable life insurance contract. The "attained age level" reserve on each variable life insurance contract shall not be less than zero and shall equal the "residue," as described in paragraph (a), of the prior year's "attained age level" reserve on the contract, with any such "residue", increased or decreased by a payment computed on an attained age basis as described in paragraph (b), below.

a. the "residue" of the prior year's "attained age level" reserve on each variable life insurance contract shall not be less than zero and shall be

determined by adding interest at the valuation interest rate to such prior year's reserve, deducting the tabular claims based on the "excess", if any, of the guaranteed minimum death benefit over the death benefit that would be payable in the absence of such guarantee, and dividing the net result by the tabular probability of survival. The "excess" referred to in the preceding sentence shall be based on the actual level of death benefits that would have been in effect during the preceding year in the absence of the guarantee, taking appropriate account of the reserve assumptions regarding the distribution of death claim payments over the year.

b. the payment referred to in Subsection (b)(2) of this Section shall be computed so that the present value of a level payment of that amount each year over the future premium paying period of the contract is equal to (A) minus (B) minus (C), where (A) is the present value of the future guaranteed minimum death benefits, (B) is the present value of the future death benefits that would be payable in the absence of such guarantee, and (C) is any "residue", as described in paragraph (1), of the prior year's "attained age level" reserve on such variable life insurance contract. If the contract is paid-up, the payment shall equal (A) minus (B) minus (C). The amounts of future death benefits referred to in (B) shall be computed assuming a net investment rate and/or the valuation interest rate but in no event may exceed the maximum interest rate permitted for the valuation of life contracts.

3. The valuation interest rate and mortality table used in computing the two minimum reserves described in (1) and (2) above shall conform to permissible standards for the valuation of life insurance contracts. In determining such minimum reserve, the company may employ suitable approximations and estimates, including but not limited to groupings and averages.

C. For flexible premium policies, reserve liabilities for any guaranteed minimum death benefit shall be maintained in the general account of the insurer and shall be not less than the aggregate total of the term costs, if any, covering the period provided for in the guarantee not otherwise provided for by the reserves held in the separate account assuming an immediate one0third depreciation in the current value of the assets of the separate account followed by a net investment return equal to the valuation interest rate.

The valuation interest rate and mortality table used in computing this additional reserve, if any, shall conform to permissible standards for the valuation of life insurance contracts. In determining such minimum reserve, the company may employ suitable approximations and estimates, including but not limited to groupings and averages.

D. Reserve liabilities for all fixed incidental insurance benefits and any guarantees associated with variable insurance benefits shall be maintained in the general account and reserve liabilities for all variable aspects of the variable incidental insurance benefits shall

be maintained in a separate account, in amounts determined in accordance with actuarial procedures appropriate to such benefit.

Source: *Miss. Code Ann.* §§ 83-7-23; 83-7-39 (Rev. 2011)

Rule 5.07: Separate Accounts

The following requirements apply to the establishment and administration of variable life insurance separate accounts by any domestic insurer.

A. Establishment and Administration of Separate Accounts.

Any domestic insurer issuing variable life insurance shall establish one or more separate accounts pursuant to Section 83-7-27.

1. If no law or other regulation provides for the custody of separate account assets and if such insurer is not the custodian of such separate account assets, all contracts for custody of such assets shall be in writing and the Commissioner shall have authority to review and approve of both the terms of any such contract and the proposed custodian prior to the transfer of custody.

2. Such insurer shall not without the prior written approval of the Commissioner employ in any material connection with the handling of separate account assets any person who:

    a. within the last ten years has been convicted of any felony or a misdemeanor arising out of such person's conduct involving embezzlement, fraudulent conversion, or misappropriation of funds or securities or involving violation of Sections 1241, 1342, or 1343 of Title 18, United States Code; or

    b. within the last ten years has been found by any state regulatory authority to have violated or has acknowledged violation of any provision of any state insurance law involving fraud, deceit, or knowing misrepresentation; or

    c. within the last ten years has been found by federal or state regulatory authorities to have violated or has acknowledged violation of any provision of federal or state securities laws involving fraud, deceit, or knowing misrepresentation.

3. All persons with access to the cash, securities, or other assets of the separate account shall be under bond in the amount of not less than $10,000.

4. The assets of such separate accounts shall be valued at least as often as variable benefits are determined but in any event at least monthly.

B. Amounts in the Separate Account.

The insurer shall maintain in each separate account assets with a value at least equal to the greater of the valuation reserves for the variable portion of the variable life insurance policies or the benefit base for such policies.

C. Investments by the Separate Account.

1. No sale, exchange, or other transfer of assets may be made by an insurer or any of its affiliates between any of its separate accounts or between any other investment account and one or more of its separate accounts unless:

   a. in case of a transfer into a separate account, such transfer is made solely to establish the account or to support the operation of the policies with respect to the separate account to which the transfer is made; and

   b. such transfer, whether into or from a separate account, is made by a transfer of cash; but other assets may be transferred if approved by the Commissioner of Insurance.

2. The separate account shall have sufficient net investment income and readily marketable assets to meet anticipated withdrawals under policies funded by the account.

D. Limitations on Ownership.

1. A separate account shall not purchase or otherwise acquire the securities of any issuer, other than securities issued or guaranteed as to principal and interest by the United States, if immediately after such purchase or acquisition the value of such investment, together with prior investments of such account in such security valued as required by these regulations, would exceed 10% of the value of the assets of the separate account. The Commissioner may waive this limitation in writing if he believes such waiver will not render the operation of the separate account hazardous to the public or thepolicyholders in this State.

2. No separate account shall purchase or otherwise acquire the voting securities of any issuer if as a result of such acquisition the insurer and its separate accounts, in the aggregate, will own more than 10% of the total issued and outstanding voting securities of such issuer. The Commissioner may waive this limitation in writing if he believes such waiver will not render the operation of the separate account hazardous to the public or the policyholders in this state or jeopardize the independent operation of the issuer of such securities.

3. The percentage limitation specified in subsection (a) of this Section shall not be construed to preclude the investment of the assets of separate accounts in shares

of investment companies registered pursuant to the Investment Company Act of 1940 or other pools of investment assets if the investments and investment policies of such investment companies or asset pools comply substantially with the provisions of Subsection (c) of this Section and other applicable portions of this regulation.

E. Valuation of Separate Account Assets.

Investments of the separate account shall be valued at their market value on the date of valuation, or at amortized cost if it approximates market value.

F. Separate Account Investment Policy.

The investment policy of a separate account operated by a domestic insurer filed under Subsection (b)(3) of Section 3 shall not be changed without first filing such change with the Insurance Commissioner.

1. Any change filed pursuant to this section shall be effective sixty days after the date it was filed with the Commissioner, unless the Commissioner notifies the insurer before the end of such sixty-day period of his disapproval of the proposed change. At any time the Commissioner may, after notice and public hearing, disapprove any change that has become effective pursuant to this section.

2. The Commissioner may disapprove the change if he determines that the change would be detrimental to the interests of the policyholders participating in such separate account.

G. Charges Against Separate Account.

The insurer must disclose in writing, prior to or contemporaneously with delivery of the policy, all charges that may be made against the separate account, including, but not limited to, the following:

1. taxes or reserves for taxes attributable to investment gains and income of the separate account;

2. actual cost of reasonable brokerage fees and similar direct acquisition and sale costs incurred in the purchase or sale of separate account assets;

3. actuarially determined costs of insurance (tabular costs) and the release of separate account liabilities;

4. charges for administrative expenses and investment management expenses, including internal costs attributable to the investment management of assets of the separate account;

5. a charge, at a rate specified in the policy, for mortality and expense guarantees;

6. any amounts in excess of those required to be held in the separate accounts;

7. charges for incidental insurance benefits.

H. Standards of Conduct.

Every insurer seeking approval to enter into the variable life insurance business in this state shall adopt by formal action of its Board of Directors a written statement specifying the Standards of Conduct of the insurer, its officers, directors, employees, and affiliates with respect to the purchase or sale of investments of separate accounts. Such Standards of Conduct shall be binding on the insurer and those to whom it refers. A code or codes of ethics meeting the requirements of Section 17j under the Investment Company Act of 1940 and applicable rules and regulations thereunder shall satisfy the provisions of this Section.

I. Conflicts of Interest.

Rules under any provision of the Insurance Laws of this state or any regulation applicable to the officers and directors of insurance companies with respect to conflicts of interest shall also apply to members of any separate account's committee or other similar body.

J. Investment Advisory Services to a Separate Account.

An insurer shall not enter into a contract under which any person undertakes, for a fee, to regularly furnish investment advice to such insurer with respect to its separate accounts maintained for variable life insurance policies unless:

1. the person providing such advice is registered as an investment adviser under the Investment Advisers Act of 1940; or

2. the person providing such advice is an investment manager under the Employee Retirement Income Security Act of 1974 with respect to the assets of each employee benefit plan allocated to the separate account; or

3. the insurer has filed with the Commissioner and continues to file annually the following information and statements concerning the proposed adviser;

    a. the name and form of organization, state of organization, and its principal place of business;

b. the names and addresses of its partners, officers, directors, and persons performing similar functions or, if such an investment advisor be an individual, of such individual;

c. a written Standard of Conduct complying in substance with the requirements of Subsection 8 of this Section which has been adopted by the investment adviser and is applicable to the investment adviser, its officers, directors, and affiliates;

d. a statement provided by the proposed adviser as to whether the adviser or any person associated therewith:

i. has been convicted within ten years of any felony or misdemeanor arising out of such person's conduct as an employee, salesman, officer or director or an insurance company, a banker, an insurance agent, a securities broker, or an investment adviser involving embezzlement, fraudulent conversion, or misappropriation of funds or securities, or involving the violation of Sections 1341, 1342, or 1343 of Title 18 of United States Code;

ii. has been permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker, or dealer, or as an affiliated person or as an employee of any investment company, bank, or insurance company, or from engaging in or continuing any conduct or practice in connection with any such activity;

iii. has been found by federal or state regulatory authorities to have willfully violated or have acknowledged willful violation of any provision offederal or state securities laws or state insurance laws or of any rule or regulation under any such laws; or

iv. has been censured, denied an investment adviser registration, had a registration as an investment adviser revoked or suspended, or been barred or suspended from being associated with an investment adviser by order of federal or state regulatory authorities; and

4. such investment advisory contract shall be in writing and provide that it may be terminated by the insurer without penalty to the insurer or separate account upon no more than sixty days' written notice to the investment adviser.

The Commissioner may, after notice and opportunity for hearing, by order require such investment advisory contract to be terminated if he deems continued operation thereunder to be hazardous to the public or the insurer's policyholders.

Source: *Miss. Code Ann.* §§ 83-7-27 through 83-7-45 (Rev. 2011)

Rule 5.08: Information Furnished to Applicants

An insurer delivering or issuing for delivery in this state any variable life insurance policies shall deliver to the applicant for the policy, and obtain a written acknowledgement of receipt from such applicant coincident with or prior to the executionof the application, the following information. The requirements of this Article shall be deemed to have been satisfied to the extent that a disclosure containing information required by this Article is delivered, either in the form of (1) a prospectus included in the requirements of the Securities Act of 1933 and which was declared effective by the Securities and Exchange Commissioner; or (2) all information and reports required by the Employee Retirement Income Security Act of 1974 if the policies are exempted from the registration requirements of the Securities Act of 1933 pursuant to Section 3(a)(2) thereof.

A. A summary explanation, in non-technical terms, of the principal features of the policy, including a description of the manner in which the variable benefits will reflect the investment experience of the separate account and the factors which affect such variation. Such explanation must include notice of the provision required by Section 4 Subsections (c)(1)(v), and (c)(6);

B. a statement of the investment policy of the separate account, including:

    1. a description of the investment objectives intended for the separate account and the principal types of investments intended to be made; and

    2. any restriction or limitations on the manner in which the operations of the separate account are intended to be conducted.

C. a statement of the net investment return of the separate account for each of the last ten years or such lesser period as the separate account has been in existence;

D. a statement of the charges levied against the separate account during the previous year;

E. a summary of the method to be used in valuing assets held by the separate account;

F. a summary of the federal income tax aspects of the policy applicable to the insured, the policyholders and the beneficiary;

G. illustrations of benefits payable under the variable life insurance contract. Such illustrations shall be prepared by the insurer and shall not include projections of past investment experience into the future or attempted predictions of future investments experience, provided that nothing contained herein prohibits use of hypothetical assumed rates of return to illustrate possible levels of benefits if it is made clear that such assumed rates are hypothetical only.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.09: Applications

The application for a variable life insurance policy shall contain:

A. a prominent statement that the death benefit may be variable or fixed under specified conditions;

B. a prominent statement that cash values may increase or decrease in accordance with experience of the separate account (subject to any specified minimum guarantees);

C. questions designed to elicit information which enable the insurer to determine the suitability of variable life insurance for the applicant.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.10: Reports to Policyholders

Any insurer delivering or issuing for delivery in this state any variable life insurance policies shall mail to each variable life insurance policyholders at his or her last known address the following reports:

A. Within thirty (30) days after each anniversary of the policy, a statement or statements of the cash surrender value, death benefit, any partial withdrawal or policy loan, any interest charge, any optional payments allowed pursuant to Subsection (b) of Section 4 under the policy computed as of the policy anniversary date. Provided, however, that such statement may be furnished within thirty (30) days after a specified date in each policy year so long as the information contained therein is computed as of a date not more than sixty (60) days prior to the mailing of such notice. This statement shall state that, in accordance with the investment experience of the separate account, the cash values and the variable death benefit may increase or decrease, and shall prominently identify any value described therein which may be recomputed prior to the next statement required by this Section. If the policy guarantees that the variable death benefit on the next policy anniversary date will not be less than the variable death benefit specified in such statement, the statement shall be modified to so indicate. For flexible premium policies, the report must contain a reconciliation of the change since the previous report in cash value and cash surrender value, if different, because of payments made (less deductions for expense charges), withdrawals, investment experience, insurance charges, and any other changes made against the cash value. In addition, the report must show the projected cash value and cash surrender value, if different, as of one year from the end of the period covered by the report assuming that: (i) planned periodic premiums, if any, are paid as scheduled: (ii) guaranteed costs of insurance are deducted; and (iii) the net investment return is equal to the guaranteed rate or, in the absence of a guaranteed rate, is not greater than zero. If the projected value is less than zero, a warning message must be

included that states that the policy may be in danger of terminating without value in the next 12 months unless additional premium is paid.

B. Annually, a statement or statements including:

1. a summary of the financial statement of the separate account based on the annual statement last filed with the Commissioner;

2. the net investment return of the separate account for the last year and, for each year after the first, a comparison of the investment rate of the separate account during the last year with the investment rate during prior years, up to a total of not less than five years when available;

3. a list of investments held by the separate account as of a date not earlier than the end of the last year for which an annual statement was filed with the Commissioner;

4. any charges levied against the separate account during the previous year;

5. a statement of any charge, since the last report, in the investment objective and orientation of the separate account, in any investment restriction or material quantitative or qualitative investment requirement applicable to the separate account or in the investment adviser of the separate account.

C. For flexible premium policies, a report must be sent to the policyholder if the amounts available under the policy on any policy processing day to pay the charges authorized by the policy are less than the amount necessary to keep the policy in force until the next following policy processing day. The report must indicate the minimum payment required under the terms of the policy to keep it in force and the length of the grace period for payment of such amount.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.11: Foreign Companies

If the law or regulation in the place of domicile of a foreign company provides a degree of protection to the policyholders and the public which is substantially similar to that provided by these regulations, the Commissioner to the extent deemed appropriate by him in his discretion, may consider compliance with such law or regulation as compliance with these regulation.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-45 (Rev. 2011)

Rule 5.12: Qualifications of Agents for the Sale of Variable Life Insurance

A. Qualification to Sell Variable Life Insurance

No person may sell or offer for sale in this state any variable life insurance policy unless such person is an agent and has filed with the Commissioner, in a form satisfactory to the Commissioner, evidence that such person holds any license or authorization which may be required for the solicitation or sale of variable life insurance.

Any examination administered by the Department for the purpose of determining the eligibility of any person for licensing as an agent shall, after the effective date of this regulation, include such questions concerning the history, purpose, regulation, and sale of variable life insurance as the Commissioner deems appropriate.

B. Reports of Disciplinary Actions: Any person qualified in this state under this Article to sell or offer for sale variable life insurance shall immediately report to the Commissioner:

1. any suspension or revocation of his agent's license in any other state or territory of the United States;

2. the imposition of any disciplinary sanction, including suspension or expulsion from membership, suspension, or revocation of or denial of registration, imposed upon him by any national securities exchange, or national securities association, or any federal, state, or territorial agency with jurisdiction over securities of variable life insurance;

3. any judgment or injunction entered against him on the basis of conduct deemed to have involved fraud, deceit, misrepresentation, or violation of any insurance or securities law or regulation.

C. Refusal to Qualify Agent to Sell Variable Life Insurance: Suspension, Revocation, or Nonrenewal of Qualification: The Commissioner may reject any application or suspend or revoke or refuse to renew any agent's qualification under this Article to sell or offer to sell variable life insurance upon any ground that would bar such applicant or such agent from being licensed to sell other life insurance contracts in this state.

The rules governing any proceeding relating to the suspension or revocation of an agent's license shall also govern any proceeding for suspension or revocation of an agent's qualification to sell or offer to sell variable life insurance.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.13: Separability Article

If any provision of this regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affect thereby.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 5.14: Supersession of Conflicting Regulations

This regulation shall supersede and fully replace any prior regulation concerning variable life insurance. This regulation is particularly intended to replace any provisions of Regulation No. 78-2 (Variable Contracts), Articles I through IX as they may pertain to variable life insurance. The provisions of Regulation 78-2 (Variable Contracts), Articles I through IX that regulate variable annuities remain undisturbed by this Regulation.

Source: *Miss. Code Ann.* § 83-7-45 (Rev. 2011)

Rule 5.15: Effective Date

This regulation shall become effective on and after July 1, 1984.

PROMULGATED AND ADOPTED this the 30th day of January, 1984.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Part 2 Chapter 6: (84-103) Permitting the Use of the Same Minimum Non-Forfeiture Standards for Men and Women Insured Under 1980 CSO and 1980 CET Mortality Tables (Mixed Gender Mortality Tables).

Rule 6.01: Preamble and Authority

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Section 83-7-25, Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedure Law, do hereby promulgate the following Rules and Regulation with an effective date as herein set forth in Section 7, upon compliance with the applicable statutes.

Source: *Miss. Code Ann.* § 83-7-25 (Rev. 2011)

Rule 6.02: Purpose

The purpose of this Regulation is to permit individual life insurance policies to provide the same cash surrender values and paid-up nonforfeiture benefits to both men and women. No change in minimum valuation standards is implied by this rule.

Source: *Miss. Code Ann.* § 83-7-25 (Rev. 2011)

Rule 6.03: Definitions

A. As used in this Regulation, "1980 CSO Table, with or without Ten Year Select Mortality Factors" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten Year Select Mortality Factors.

B. As used in this Regulation, "1980 CSO Table (M), with or without Ten-Year Select Mortality Factors.

C. As used in this Regulation, "1980 CSO Table (F), with our Ten-Year Select Mortality Factors" means that mortality table consisting of the rates of mortality for female lives from the 1980 CSO Table, with or without Ten-Year Select Mortality Factors.

D. As used in this Regulation, "1980 CET Table" means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioner 1980 Extended Term Insurance Table.

E. As used in this Rule, "1980 CET Table (M) means that mortality table consisting of the rates of mortality for male lives from the 1980 CET Table.

F. As used in this Rule, "1980 CET Table (F) means that mortality table consisting of the rates of mortality for female lives from the 1980 CET Table.

G. As used in this regulation, "1980 CSO and 1980 CET Smoker and Non-Smoker Mortality Tables" mean the mortality tables with separate rates and mortality for smokers and non-smokers derived from the 1980 CSO and 1980 CET Mortality Tables by the Society of Actuaries Task Force on Smoker/Non-Smoker Mortality and Adopted by the NAIC in December 1983.

Source: *Miss. Code Ann.* § 83-7-25 (Rev. 2011)

Rule 6.04: Rule

A. For any policy of insurance on the life of either a male of female insured delivered or issued for delivery in this state after the operative date of Section 83-7-25(5-c)(K) for that policy form.

1. a mortality table which is a blend of the 1980 CSO Table (M) and the 1980 CSO Table (F) with or without Ten-Year Select Mortality Factors may at the option of the company be substituted for the 1980 CET Table, with or without Ten-Year Select Mortality Factors, and

2. a mortality table which is of the same blend as used in (i) but applied to form a blend of the 1980 CET Table (M) and the 1980 CET Table (F) may at the option of the company be substituted for the 1980 CET Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

B. The following tables will be considered as the basis for acceptable tables:

1. 100% Male 0% Female for tables to be designed as the "1980 CSO-A" and "1980 CET-A" tables.

2. 80% Male 20% Female for tables to be designated as the "1980 CSO-B" and "1980 CET-B" tables.

3. 60% Male 40% Female for tables to be designated as the "1980 CSO-C" and "1980 CET-C" tables.

4. 50% Male 50% Female for tables to be designated as the "1980 CSO-D" and "1980 CET-D" tables.

5. 40% Male 60% Female for tables to be designated as the "1980 CSO-E" and "1980 CET-E" tables.

6. 20% Male 80% Female for tables to be designated as the "1980 CSO-F" and "1980 CET-F" tables.

7. 0% Male 100% Female for tables to be designated as the "1980 CSO-G" and "1980 CET-G" tables.

Tables 1 and 7 are not to be used with respect to policies issued on or after January 1, 1985, except where the proportion of persons insured is anticipated to be 90% or more of one sex or the other or except for certain policies converted from group insurance. Such group conversions issued on or after January 1, 1986 must use Mortality Tables based on the blend of lives by sex expected for such policies if such group conversions are considered as extensions of the Norris decision. This consideration has not been clearly defined by court or legislative action in all jurisdictions. The values of 1000 qx for blended Tables 2, 3, 4, 5 and 6 are shown in Appendix I. The letter of Appendix II states the method by which selection factors may be obtained. Table 1 is the same as 1980 CSO Table (M) and 1980 CET Table (M) and Table 7 is the same as 1980 CSO Table (F) and 1980 CET Table (F).

Source: *Miss. Code Ann.* § 83-7-25 (Rev. 2011)

Rule 6.05: Alternate Rule∗

In determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits for any policy of insurance on the life of either a male or female insured on a form of insurance with

separate rates for smokers and nonsmokers delivered or issued for delivery in this state after the operative date of Section (insert applicable reference corresponding to paragraph 5-c(11) of the NAIC Model Standard Nonforfeiture Law for Life Insurance) for that policy form, in addition to the mortality tables that may be used according to Section 4,

(i) a mortality table which is a blend of the male and female rates of mortality according to the 1980 CSO Smoker Mortality Table, in the case of lives classified as smokers, or the 1980 CSO Nonsmokers Mortality table, in the case of lives classified as nonsmokers, with or without ten-year Select Mortality Factors, may at the option of the company be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors, and

(ii) a mortality table which is of the same blend as used in (i) but applied to form a blend of the male and female rates of mortality according to the corresponding 1980 CET Smoker Mortality Table or 1980 Nonsmoker Mortality Table may at the option of the company be substituted for the 1980 CET Table.

The following blended mortality tables will be considered acceptable:

1. SA:100% Male 0% Female smoker tables designated as “1980 CSO-SA” and “1980 CET-SA” tables.

2. SB:80% Male 20% Female smoker tables designated as “1980 CSO-SB” and “1980 CET-SB” tables.

3. SC:60% Male 40% Female smoker tables designated as “1980 CSO-SC” and “1980 CET-SC” tables.

4. SD:50% Male 50% Female smoker tables designated as “1980 CSO-SD” and “1980 CET-SD” tables.

5. SE:40% Male 60% Female smoker tables designated as “1980 CSO-SE” and “1980 CET-SE” tables.

6. SF:20% Male 80% Female smoker tables designated as “1980 CSO-SF” and “1980 CET-SF” tables.

7. SG:0% Male 100% Female smoker tables designated as “1980 CSO-SG” and “1980 CET-SG” tables.

8. NA:100% Male 0% Female nonsmoker tables designated as “1980 CSO-NA” and “1980 CET-NA” tables.

9. NB:80% Male 20% Female nonsmoker tables designated as “1980 CSO-NB” and “1980 CET-NB” tables.

10. NC:60% Male 40% Female nonsmoker tables designated as “1980 CSO-NC” and “1980 CET-NC” tables.

11. ND:50% Male 50% Female nonsmoker tables designated as “1980 CSO-ND” and “1980 CET-ND” tables.

12. NE:40% Male 60% Female nonsmoker tables designated as “1980 CSO-NE” and “1980 CET-NE” tables.

13. NF:20% Male 80% Female nonsmoker tables designated as “1980 CSO-NF” and “1980 CET-NF” tables.

14. NG:0% Male 100% Female nonsmoker tables designated as “1980 CSO-NG” and “1980 CET-NG” tables.

Tables SA, SG, NA and NG are not acceptable as blended tables unless the proportion of persons insured is anticipated to be 90% or more of one sex or the other.

*Rule 6.05 was added by NAIC, December 1986

Source: *Miss. Code Ann.* §§ 83-7-25; 83-5-1(Rev. 2011)

Rule 6.06: Unfair Discrimination.

It shall not be a violation of Section 83-5-35 for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

Source: *Miss. Code Ann.* §§ 83-7-25 ; 83-5-1(Rev. 2011)

Rule 6.07: Separability.

If any provisionsof this Regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

Rule 6.08: Effective Date.

The effective date of this regulation shall be thirty (30) days from and after its adoption and filing with the Secretary of State of the State of Mississippi.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Part 2 Chapter 7: **(**84-104) Mississippi's Regulation Permitting the Use of Smoker/Non-Smoker Mortality Tables When Determining Minimum Reserve Liabilities and Nonforfeiture Benefits.

Rule 7.01: Preamble and Authority

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Section 83-7-25, Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedure Law, do hereby promulgate the following Rules and Regulation with an effective date as herein set forth in Section 7, upon compliance with the applicable statutes.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011); 25-43-3.113(Rev. 2010)

Rule 7.02: Purpose

The purpose of the Regulation is to permit the use of mortality tables that reflect differences in mortality between smokers and nonsmokers in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits for plans of insurance with separate premium rates for smokers and nonsmokers.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.03: Definitions

A. As used in this Regulation, "1980 CSO Table, with or without Ten-Year Select Mortality Factor" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten-Year Select Mortality Factors. The same select factors will be used for both smokers and non-smokers tables.

B. As used in this Regulation, "1980 CET Table" means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners 1980 Extended Term Insurance Table.

C. As used in this Regulation, "1958 CSO Table" means that mortality table developed by the Society of Actuaries Special Committee on New Mortality Tables, incorporated in the

NAIC Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners 1958 Standard Ordinary Mortality Table.

D. As used in this Regulation, "1958 CET Table" means that mortality table developed by the Society of Actuaries Special Committee on New Mortality Tables, incorporated in the NAIC Model Standard Nonforfeiture Law for Life Insurance, and referred to in that model as the Commissioners 1958 Extended Term Insurance Table.

E. As used in this Regulation, the phrase "smoker and nonsmoker mortality tables" refers to the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in A through D of this section which were developed by the Society of Actuaries Task Force on Smoker/Nonsmoker Mortality and the California Insurance Department staff and recommended on the NAIC Technical Staff Actuarial Group.

F. As used in this Regulation, the phrase "composite mortality tables" refers to the mortality tables defined in A through D of this section as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

Source: *Miss. Code Ann.* §§83-5-1; 83-7-25 (Rev 2011)

Rule 7.04: Alternate Table

A. For any policy of insurance delivered or issued for delivery in this state after the operative date of Section 83-7-25(5-c)(K) for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in Section 5 of this Regulation,

1. the 1958 CSO Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors, and

2. the 1958 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table

for use in determining reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

Provided that for any category of insurance issued on female lives with minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits determined using the 1958 CSO and 1958 CET Smoker and Nonsmoker Mortality Tables, such minimum values may be calculated according to an age not more than six years younger than the actual age of the insured.

Provided further that the substitution of the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables is available only if made for each policy of insurance on a

policy form delivered or issued for delivery on or after the operative date for that policy form and before a date not later than January 1, 1989.

B. For any policy of insurance delivered or issued for delivery in this state after the operative date of Section 83-7-25(5-C)(K) for that policy form, at the option of the company and subject to the conditions stated in Section 5 of this Regulation,

    1. the 1980 CSO Smoker and Nonsmoker Mortality Tables, with or without Ten-Year Select Mortality Factors, may be substituted for the 1980 CSO Table, with or without Ten-Year Select Mortality Factors, and

    2. the 1980 CET Smoker and Nonsmoker Mortality Tables may be substituted for the 1980 CET Table

    for use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.05: Conditions

For each plan of insurance with separate rates for smokers and nonsmokers an insurer may

A. use composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

B. use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Section 83-7-23(7) and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits, or

C. use smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

Source: *Miss. Code Ann.* § 83-7-25; 83-5-1 (Rev 2011)

Rule 7.06: Separability

If any provision of this Regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

Source: *Miss. Code Ann.* § 83-5-1 (Rev 2011)

Rule 7.07: Effective Date

The effective date of this Regulation shall be thirty (30) days from and after its adoption and filing with the Secretary of State of the State of Mississippi.

PROMULGATED AND ADOPTED this the 13th day of August, 1984.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev 2010)

R**ule 7.08Table 1:**

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables for Use in Determining Minimum Reserve Liabilities and Nonforfeiture

Benefits: 1958 CSO Male and Smoker and Non-Smoker Mortality Rates

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	1.46	1.74	45	3.46	6.67	75	68.58	89.23
16	1.53	1.85	46	3.76	7.32	76	74.50	95.68
17	1.60	1.96	47	4.08	8.02	77	81.15	102.84
18	1.64	2.03	48	4.45	8.82	78	88.62	110.80
19	1.65	2.05	49	4.86	9.71	79	96.85	119.44
20	1.64	2.05	50	5.31	10.68	80	105.75	128.60
21	1.62	2.04	51	5.83	11.75	81	115.27	138.20
22	1.63	2.07	52	6.40	12.88	82	125.28	148.05
23	1.63	2.08	53	7.07	14.16	83	135.72	158.05
24	1.64	2.11	54	7.84	15.54	84	146.62	168.22
25	1.64	2.12	55	8.72	17.03	85	158.06	178.62
26	1.65	2.15	56	9.74	18.65	86	170.03	189.26
27	1.66	2.18	57	10.91	20.44	87	182.76	200.21
28	1.67	2.23	58	12.26	22.35	88	196.27	211.61
29	1.69	2.29	59	13.74	24.42	89	210.88	223.70
30	1.71	2.37	60	15.38	26.72	90	226.99	236.85
31	1.73	2.45	61	17.16	29.21	91	244.83	253.34
32	1.75	2.52	62	19.14	31.88	92	265.20	272.12
33	1.79	2.63	63	21.29	34.83	93	288.78	293.80
34	1.83	2.73	64	23.68	38.00	94	316.38	319.13
35	1.88	2.86	65	26.34	41.44	95	351.24	351.24
36	1.95	3.03	66	29.32	45.19	96	400.56	400.56
37	2.04	3.25	67	32.61	49.20	97	488.42	488.42
38	2.15	3.52	68	36.28	53.55	98	668.15	668.15
39	2.28	3.83	69	40.17	58.31	99	1000.00	1000.00
40	2.43	4.19	70	44.34	63.27			
41	2.60	4.62	71	48.74	68.33			
42	2.78	5.04	72	53.32	73.41			
43	2.99	5.55	73	58.07	78.50			
44	3.21	6.09	74	63.11	83.71			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.09: **Table 2:**

Mississippi Model Regulation Permitting Smoker/Nonsmokers Mortality Tables For Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1958 CET Male and Smoker and Non-Smoker Mortality Rates

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	2.21	2.49	45	4.50	8.67	75	89.15	116.00
16	2.28	2.60	46	4.89	9.52	76	96.85	124.38
17	2.35	2.71	47	5.30	10.43	77	105.50	133.69
18	2.39	2.78	48	5.79	11.47	78	115.21	144.04
19	2.40	2.80	49	6.32	12.62	79	125.91	155.27
20	2.39	2.80	50	6.90	13.88	80	137.48	167.18
21	2.37	2.79	51	7.58	15.28	81	149.85	179.66
22	2.38	2.82	52	8.32	16.74	82	162.86	192.47
23	2.38	2.83	53	9.19	18.41	83	176.44	205.47
24	2.39	2.86	54	10.19	20.20	84	190.61	218.69
25	2.39	2.87	55	11.34	22.14	85	205.48	232.21
26	2.40	2.90	56	12.66	24.25	86	221.10	246.04
27	2.41	2.93	57	14.18	26.57	87	237.59	260.27
28	2.42	2.98	58	15.94	29.06	88	255.15	275.09
29	2.44	3.04	59	17.86	31.75	89	274.14	290.81
30	2.46	3.12	60	19.99	34.74	90	295.09	307.91
31	2.48	3.20	61	22.31	37.97	91	318.28	329.34
32	2.50	3.28	62	24.88	41.44	92	344.76	353.76
33	2.54	3.42	63	27.68	45.28	93	375.41	381.94
34	2.58	3.55	64	30.78	49.40	94	411.29	414.87
35	2.63	3.72	65	34.24	53.87	95	456.61	456.61
36	2.70	3.94	66	38.12	58.75	96	520.73	520.73
37	2.79	4.23	67	42.39	63.96	97	634.95	634.95
38	2.90	4.58	68	47.16	69.62	98	868.60	868.60
39	3.03	4.98	69	52.22	75.80	99	1000.00	1000.00
40	3.18	5.45	70	57.64	82.25			
41	3.36	6.01	71	63.36	88.83			
42	3.61	6.55	72	69.32	95.43			
43	3.89	7.22	73	75.49	102.05			
44	4.17	7.92	74	82.04	108.82			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.10: **Table 3:**

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1958 CSO Male ALB Smoker and Non-Smoker Mortality Rates

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	1.49	1.79	45	3.61	6.99	75	71.43	92.30
16	1.56	1.90	46	3.92	7.67	76	77.70	99.08
17	1.62	1.99	47	4.26	8.42	77	84.73	106.60
18	1.64	2.04	48	4.65	9.26	78	92.54	114.87
19	1.65	2.05	49	5.08	10.19	79	101.07	123.73
20	1.63	2.05	50	5.57	11.21	80	110.24	133.07
21	1.62	2.05	51	6.11	12.31	81	119.97	142.76
22	1.63	2.07	52	6.73	13.52	82	130.15	152.65
23	1.63	2.09	53	7.45	14.85	83	140.77	162.70
24	1.64	2.11	54	8.28	16.28	84	151.89	172.94
25	1.64	2.13	55	9.23	17.83	85	163.55	183.42
26	1.65	2.16	56	10.32	19.54	86	175.83	194.16
27	1.66	2.20	57	11.58	21.39	87	188.84	205.28
28	1.68	2.26	58	13.00	23.37	88	202.78	216.94
29	1.70	2.33	59	14.55	25.56	89	217.99	229.45
30	1.72	2.41	60	16.26	27.95	90	234.77	243.99
31	1.74	2.48	61	18.14	30.53	91	253.59	261.37
32	1.77	2.57	62	20.20	33.33	92	275.19	281.25
33	1.81	2.68	63	22.47	36.39	93	300.25	304.28
34	1.85	2.79	64	24.99	39.69	94	330.53	332.14
35	1.91	2.94	65	27.81	43.28	95	370.65	370.65
36	1.99	3.14	66	30.94	47.15	96	433.49	433.49
37	2.09	3.38	67	34.41	51.32	97	549.25	549.25
38	2.21	3.67	68	38.19	55.86	98	750.84	750.84
39	2.35	4.01	69	42.21	60.72	99	1000.00	1000.00
40	2.51	4.40	70	45.49	65.72			
41	2.69	4.88	71	50.97	70.73			
42	2.88	5.29	72	55.63	75.85			
43	3.10	5.82	73	60.51	81.00			
44	3.33	6.88	74	65.76	86.35			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.11: Table 4:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1958 CET Male ALB smoker and Non-Smoker Mortality Rates

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	2.24	2.54	45	4.69	9.09	75	92.82	119.93
16	2.31	2.65	46	5.09	9.97	76	100.95	128.73
17	2.37	2.74	47	5.54	10.95	77	110.08	138.49
18	2.39	2.79	48	6.05	12.04	78	120.23	149.22
19	2.40	2.80	49	6.61	13.25	79	131.31	160.72
20	2.38	2.80	50	7.24	14.58	80	143.21	172.85
21	2.37	2.80	51	7.95	16.00	81	155.83	185.43
22	2.38	2.82	52	8.75	17.57	82	169.05	198.28
23	2.38	2.84	53	9.69	19.30	83	182.84	211.32
24	2.39	2.86	54	10.76	21.16	84	197.26	224.62
25	2.39	2.88	55	12.00	23.18	85	212.40	238.22
26	2.40	2.91	56	13.42	25.40	86	228.32	252.16
27	2.41	2.95	57	15.05	27.80	87	245.19	266.57
28	2.43	3.01	58	16.89	30.39	88	263.26	281.70
29	2.45	3.08	59	18.92	33.22	89	282.95	297.91
30	2.47	3.16	60	21.14	36.33	90	304.68	316.68
31	2.49	3.24	61	23.58	39.67	91	329.01	339.14
32	2.52	3.35	62	26.26	43.32	92	356.89	364.82
33	2.56	3.48	63	29.21	47.29	93	389.20	394.52
34	2.60	3.63	64	32.48	51.58	94	428.08	430.28
35	2.66	3.83	65	36.15	56.24	95	479.19	479.19
36	2.74	4.08	66	40.21	61.28	96	557.74	557.74
37	2.84	4.40	67	44.72	66.70	97	697.43	697.43
38	2.96	4.78	68	49.63	72.60	98	883.86	883.86
39	3.10	5.21	69	54.86	78.90	99	1000.00	1000.00
40	3.28	5.73	70	60.42	85.40			
41	3.49	6.28	71	66.24	91.98			
42	3.75	6.88	72	72.29	98.57			
43	4.03	7.57	73	78.64	105.25			
44	4.33	8.29	74	85.44	112.20			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.12:Table 5:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CSO Female Smoker and Non-Smoker Mortality Rates: Age Nearest Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	0.84	0.94	45	2.99	4.61	75	37.32	46.64
16	0.88	0.99	46	3.19	4.95	76	42.04	51.92
17	0.92	1.04	47	3.41	5.31	77	47.11	57.46
18	0.95	1.09	48	3.65	5.68	78	52.53	63.23
19	0.98	1.13	49	3.90	6.08	79	58.45	69.41
20	1.01	1.16	50	4.19	6.54	80	65.12	76.26
21	1.02	1.18	51	4.50	7.00	81	72.76	84.00
22	1.04	1.21	52	4.85	7.52	82	81.59	92.84
23	1.05	1.23	53	5.26	8.13	83	91.76	102.87
24	1.08	1.27	54	5.68	8.75	84	103.03	114.65
25	1.09	1.29	55	6.13	9.40	85	115.38	126.42
26	1.12	1.34	56	6.59	10.05	86	128.58	139.79
27	1.14	1.38	57	7.05	10.67	87	142.71	152.67
28	1.17	1.42	58	7.49	11.25	88	157.61	167.23
29	1.20	1.48	59	7.96	11.85	89	173.51	181.07
30	1.24	1.55	60	8.51	12.51	90	190.39	197.01
31	1.27	1.61	61	9.16	13.36	91	208.58	214.00
32	1.31	1.68	62	9.98	14.39	92	228.60	232.54
33	1.35	1.75	63	11.01	15.78	93	251.40	253.55
34	1.42	1.86	64	12.23	17.33	94	279.31	279.31
35	1.47	1.94	65	13.55	19.07	95	317.32	317.32
36	1.56	2.09	66	14.97	20.79	96	375.74	375.74
37	1.67	2.28	67	16.41	22.58	97	474.97	474.97
38	1.79	2.49	68	17.86	24.20	98	655.85	655.85
39	1.93	2.73	69	19.41	26.02	99	1000.00	1000.00
40	2.08	3.00	70	21.21	27.95			
41	2.26	3.33	71	23.34	30.45			
42	2.44	3.64	72	25.99	33.55			
43	2.62	3.96	73	29.22	37.33			
44	2.80	4.28	74	33.02	41.74			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.13: Table 6:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CSO Male Smoker and Non-Smoker Mortality Rates: Age Nearest Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	1.29	1.65	45	3.32	6.27	75	58.80	83.77
16	1.43	1.87	46	3.59	6.83	76	65.06	91.10
17	1.54	2.05	47	3.88	7.44	77	71.64	98.52
18	1.60	2.16	48	4.19	8.08	78	78.47	105.91
19	1.66	2.26	49	4.54	8.80	79	85.72	113.49
20	1.68	2.31	50	4.91	9.56	80	93.67	121.59
21	1.67	2.33	51	5.35	10.44	81	102.52	130.41
22	1.64	2.30	52	5.86	11.42	82	112.52	140.20
23	1.61	2.26	53	6.43	12.54	83	123.79	151.03
24	1.57	2.21	54	7.09	13.80	84	136.11	162.49
25	1.52	2.14	55	7.82	15.14	85	149.20	174.20
26	1.48	2.08	56	8.63	16.59	86	162.80	185.78
27	1.46	2.06	57	9.49	18.09	87	176.79	197.06
28	1.44	2.04	58	10.42	19.69	88	190.89	209.37
29	1.44	2.06	59	11.47	21.35	89	205.29	221.52
30	1.44	2.10	60	12.64	23.19	90	220.19	233.69
31	1.47	2.17	61	13.94	25.26	91	235.84	246.12
32	1.50	2.24	62	15.42	27.59	92	252.75	259.33
33	1.55	2.35	63	17.11	30.23	93	271.63	276.30
34	1.61	2.48	64	19.02	33.14	94	295.65	298.15
35	1.69	2.63	65	21.13	36.29	95	329.96	329.96
36	1.77	2.81	66	23.40	39.57	96	384.55	384.55
37	1.88	3.04	67	25.86	43.01	97	480.20	480.20
38	2.00	3.30	68	28.50	46.55	98	657.98	657.98
39	2.14	3.60	69	31.38	50.32	99	1000.00	1000.00
40	2.29	3.94	70	34.63	54.48			
41	2.47	4.34	71	38.91	59.09			
42	2.65	4.75	72	42.56	64.33			
43	2.86	5.22	73	47.44	70.23			
44	3.07	5.71	74	52.92	76.66			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.14: Table 7:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CET Female Smoker and Non-Smoker Mortality Rates: Age Nearest Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	1.59	1.69	45	3.89	5.99	75	48.52	60.63
16	1.63	1.74	46	4.15	6.44	76	54.65	67.50
17	1.67	1.79	47	4.43	6.90	77	61.24	74.70
18	1.70	1.84	48	4.75	7.38	78	68.29	82.20
19	1.73	1.88	49	5.07	7.90	79	75.99	90.23
20	1.76	1.91	50	5.45	8.50	80	84.66	99.14
21	1.77	1.93	51	5.85	9.10	81	94.59	109.20
22	1.79	1.96	52	6.31	9.78	82	106.07	120.69
23	1.80	1.98	53	6.84	10.57	83	119.29	133.73
24	1.83	2.02	54	7.38	11.38	84	133.94	149.05
25	1.84	2.04	55	7.97	12.22	85	149.99	164.35
26	1.87	2.09	56	8.57	13.07	86	167.15	181.73
27	1.89	2.13	57	9.17	13.87	87	185.52	198.47
28	1.92	2.17	58	9.74	14.63	88	204.89	217.40
29	1.95	2.23	59	10.35	15.41	89	225.56	235.39
30	1.99	2.30	60	11.06	16.26	90	247.51	256.11
31	2.02	2.36	61	11.91	17.37	91	271.15	278.20
32	2.06	2.43	62	12.97	18.71	92	197.18	302.30
33	2.10	2.50	63	14.31	20.51	93	326.82	329.62
34	2.17	2.61	64	15.90	22.53	94	363.10	363.10
35	2.22	2.69	65	17.62	24.79	95	412.52	412.52
36	2.31	2.84	66	19.46	27.03	96	488.46	488.46
37	2.42	3.03	67	21.33	29.35	97	617.46	617.46
38	2.54	3.24	68	23.22	31.46	98	852.61	852.61
39	2.68	3.55	69	25.23	33.83	99	1000.00	1000.00
40	2.83	3.90	70	27.56	36.34			
41	3.01	4.33	71	30.34	39.59			
42	3.19	4.73	72	33.79	43.62			
43	3.41	5.15	73	37.99	48.53			
44	3.64	5.55	74	42.93	54.26			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.15: Table 8:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CET Male Smoker and Non-Smoker Mortality Rates: Age Nearest Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	2.04	2.40	45	4.32	8.15	75	76.44	108.90
16	2.18	2.62	46	4.67	8.88	76	84.58	118.43
17	2.29	2.80	47	5.04	9.67	77	93.13	128.08
18	2.35	2.91	48	5.45	10.50	78	102.01	137.68
19	2.41	3.01	49	5.90	11.44	79	111.44	147.54
20	2.43	3.06	50	6.38	12.43	80	121.77	158.07
21	2.42	3.08	51	6.96	13.57	81	133.28	169.53
22	2.39	3.05	52	7.62	14.85	82	146.28	182.26
23	2.36	3.01	53	8.36	16.30	83	160.93	196.34
24	2.32	2.96	54	9.22	17.94	84	176.94	211.24
25	2.27	2.89	55	10.17	19.68	85	193.96	226.46
26	2.23	2.83	56	11.22	21.57	86	211.64	241.51
27	2.21	2.91	57	12.34	23.52	87	229.83	256.18
28	2.19	2.79	58	16.55	25.60	88	248.16	272.18
29	2.19	2.81	59	14.91	27.76	89	266.88	287.98
30	2.19	2.85	60	16.43	30.15	90	286.25	303.80
31	2.22	2.92	61	18.12	32.84	91	306.59	319.96
32	2.25	2.99	62	20.05	35.87	92	328.58	337.19
33	2.30	3.10	63	22.24	39.30	93	353.12	359.19
34	2.36	3.23	64	24.73	43.08	94	384.35	387.60
35	2.44	3.42	65	27.47	47.18	95	428.95	428.95
36	2.52	3.65	66	30.42	51.44	96	499.92	499.92
37	2.63	3.95	67	33.62	55.91	97	624.26	624.26
38	2.75	4.29	68	37.05	60.52	98	855.37	855.37
39	2.89	4.68	69	40.79	65.42	99	1000.00	1000.00
40	3.04	5.12	70	45.02	70.82			
41	3.22	5.64	71	49.80	76.82			
42	3.45	6.18	72	55.33	83.63			
43	3.72	6.79	73	61.67	91.30			
44	3.99	7.42	74	68.80	99.66			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.16: Table 9:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CSO Female Smoker and Non-Smoker Mortality Rates: Age Last Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	0.86	0.96	45	3.09	4.78	75	39.64	49.22
16	0.90	1.01	46	3.30	5.13	76	44.52	54.62
17	0.93	1.06	47	3.53	5.49	77	49.75	60.26
18	0.96	1.11	48	3.77	5.88	78	55.41	66.22
19	0.99	1.14	49	4.04	6.31	79	61.68	72.71
20	1.01	1.17	50	4.34	6.77	80	68.81	79.98
21	1.03	1.19	51	4.67	7.26	81	77.01	88.23
22	1.04	1.22	52	5.05	7.82	82	86.46	97.61
23	1.06	1.25	53	5.47	8.44	83	97.12	108.44
24	1.08	1.28	54	5.90	9.07	84	108.87	120.18
25	1.10	1.31	55	6.36	9.72	85	121.58	132.65
26	1.13	1.36	56	6.82	10.36	86	135.16	145.75
27	1.15	1.40	57	7.27	10.96	87	149.59	159.35
28	1.18	1.45	58	7.72	11.55	88	164.88	173.52
29	1.22	1.51	59	8.23	12.18	89	181.15	188.25
30	1.25	1.58	60	8.83	12.93	90	198.53	204.58
31	1.29	1.64	61	9.57	13.87	91	217.42	222.16
32	1.33	1.71	62	10.49	15.08	92	238.53	241.66
33	1.38	1.80	63	11.62	16.55	93	262.35	264.56
34	1.44	1.90	64	12.89	18.19	94	295.23	295.23
35	1.51	2.01	65	14.26	19.92	95	341.02	341.02
36	1.61	2.18	66	15.68	21.68	96	413.88	413.88
37	1.73	2.38	67	17.13	23.38	97	537.24	537.24
38	1.86	2.61	68	18.63	25.10	98	743.96	743.96
39	2.00	2.86	69	20.30	26.97	99	1000.00	1000.00
40	2.17	3.16	70	22.26	29.13			
41	2.35	3.48	71	24.65	31.98			
42	2.53	3.80	72	27.58	35.41			
43	2.71	4.12	73	31.09	39.49			
44	2.89	4.44	74	35.13	44.14			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.17: Table 10:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CSO Male Smoker and Non-Smoker Mortality Rates: Age Last Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	1.36	1.76	45	3.45	6.55	75	61.84	87.27
16	1.48	1.96	46	3.73	7.13	76	68.24	94.63
17	1.57	2.10	47	4.03	7.76	77	74.93	102.02
18	1.63	2.21	48	4.36	8.44	78	81.95	109.49
19	1.67	2.28	49	4.72	9.18	79	89.52	117.30
20	1.68	2.32	50	5.13	10.00	80	97.88	125.71
21	1.66	2.32	51	5.60	10.93	81	107.25	134.96
22	1.63	2.28	52	6.14	11.98	82	117.82	145.21
23	1.59	2.24	53	6.76	13.17	83	129.54	156.29
24	1.55	2.18	54	7.45	14.47	84	142.18	167.83
25	1.50	2.11	55	8.22	15.86	85	155.45	179.44
26	1.47	2.07	56	9.06	17.33	86	169.18	190.84
27	1.45	2.05	57	9.95	18.88	87	183.16	202.54
28	1.44	2.05	58	10.94	20.51	88	197.33	214.73
29	1.44	2.08	59	12.05	22.26	89	211.89	226.85
30	1.45	2.13	60	13.29	24.21	90	227.05	239.08
31	1.48	2.20	61	14.67	26.41	91	243.16	251.80
32	1.52	2.29	62	16.26	28.89	92	260.82	266.55
33	1.58	2.41	63	18.06	31.66	93	281.75	285.47
34	1.65	2.55	64	20.06	34.69	94	309.83	311.27
35	1.73	2.72	65	22.25	37.90	95	351.86	351.86
36	1.82	2.92	66	24.62	41.26	96	420.99	420.99
37	1.94	3.17	67	27.16	44.74	97	541.00	541.00
38	2.07	3.45	68	29.92	48.39	98	745.15	745.15
39	2.21	3.77	69	32.98	52.35	99	1000.00	1000.00
40	2.38	4.14	70	36.44	56.72			
41	2.56	4.54	71	40.39	61.63			
42	2.75	4.98	72	44.95	67.18			
43	2.96	5.46	73	50.11	73.33			
44	3.19	5.99	74	55.78	80.07			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.18: Table 11:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CET Female Smoker and Non-Smoker Mortality Rates: Age Last Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	1.61	1.71	45	4.02	6.21	75	51.53	63.99
16	1.65	1.76	46	4.29	6.67	76	57.88	71.01
17	1.68	1.81	47	4.59	7.14	77	64.68	78.34
18	1.71	1.86	48	4.90	7.64	78	72.03	86.09
19	1.74	1.89	49	5.25	8.20	79	80.18	94.52
20	1.76	1.92	50	5.64	8.80	80	89.45	103.97
21	1.78	1.94	51	6.07	9.44	81	100.11	114.70
22	1.79	1.97	52	6.57	10.17	82	112.40	126.89
23	1.81	2.00	53	7.11	10.97	83	126.26	140.97
24	1.83	2.03	54	7.67	11.79	84	141.53	156.23
25	1.85	2.06	55	8.27	12.64	85	158.05	172.45
26	1.88	2.11	56	2.87	16.47	86	175.71	189.48
27	1.90	2.15	57	9.45	14.24	87	194.47	207.16
28	1.93	2.20	58	10.04	15.02	88	214.34	225.58
29	1.97	2.26	59	10.70	15.83	89	235.50	244.73
30	2.00	2.33	60	11.48	16.81	90	258.09	265.95
31	2.04	2.39	61	12.44	18.03	91	282.65	288.81
32	2.08	2.46	62	13.64	19.60	92	310.09	314.16
33	2.13	2.55	63	15.11	21.52	93	342.36	343.93
34	2.19	2.65	64	16.76	23.65	94	383.80	383.80
35	2.26	2.76	65	18.54	25.90	95	443.33	443.33
36	2.36	2.93	66	20.38	28.18	96	538.04	538.04
37	2.48	3.13	67	22.27	30.39	97	698.41	698.41
38	2.61	3.39	68	24.22	32.63	98	967.15	967.15
39	2.75	3.72	69	26.39	35.06	99	1000.00	1000.00
40	2.92	4.11	70	28.94	37.93			
41	3.10	4.52	71	32.05	41.57			
42	3.29	4.94	72	35.85	46.03			
43	3.52	5.36	73	40.42	51.34			
44	3.76	5.77	74	45.67	57.38			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 7.19: Table 12:

Mississippi Model Regulation Permitting Smokers/Nonsmokers Mortality Tables For Use In Determining Minimum Reserve Liabilities and Nonforfeiture Benefits:

1980 CET Male Smoker and Non-Smoker Mortality Rates: Age Last Birthday

AGE	Non-Smoker	Smoker	AGE	Non-Smoker	Smoker	AGE	Non-smoker	Smoker
15	2.11	2.51	45	4.49	8.52	75	80.39	113.45
16	2.23	2.71	46	4.85	9.27	76	88.71	123.02
17	2.32	2.85	47	5.24	10.09	77	97.41	132.63
18	2.38	2.96	48	5.67	10.97	78	106.54	142.34
19	2.42	3.03	49	6.14	11.93	79	116.38	152.49
20	2.43	3.07	50	6.67	13.00	80	127.24	163.42
21	2.41	3.07	51	7.28	14.21	81	139.43	175.45
22	2.38	3.03	52	7.98	15.57	82	153.17	188.77
23	2.34	2.99	53	8.79	17.12	83	168.40	203.18
24	2.30	2.93	54	9.69	18.81	84	184.83	218.18
25	2.25	2.86	55	10.69	20.62	85	202.09	233.27
26	2.22	2.82	56	11.78	22.53	86	219.93	248.09
27	2.20	2.80	57	12.94	24.54	87	238.11	263.30
28	2.19	2.80	58	14.22	26.66	88	256.53	279.15
29	2.19	2.83	59	15.67	28.94	89	275.46	294.91
30	2.20	2.88	60	17.28	31.47	90	295.17	310.80
31	2.23	2.95	61	19.07	34.33	91	316.11	327.34
32	2.27	3.04	62	21.14	37.56	92	339.07	346.52
33	2.33	3.16	63	23.48	41.16	93	366.28	371.11
34	2.40	3.32	64	26.08	45.10	94	402.78	404.65
35	2.48	3.54	65	28.93	49.27	95	457.42	457.42
36	2.57	3.80	66	32.01	53.64	96	547.29	547.29
37	2.69	4.12	67	35.31	58.16	97	703.30	703.30
38	2.82	4.49	68	38.90	62.91	98	968.70	968.70
39	2.96	4.90	69	42.87	68.06	99	1000.00	1000.00
40	3.13	5.38	70	47.37	73.74			
41	3.33	5.90	71	52.51	80.12			
42	3.58	6.47	72	58.44	87.33			
43	3.85	7.10	73	65.14	95.33			
44	4.15	7.79	74	72.51	104.09			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Part 2 Chapter 8: (84-105) Recognizing Certain 1983 Mortality Tables To Be Used When Determining the Minimum Standard of Valuation for Annuity and Pure Endowment Contracts.

Rule 8.01: Preamble and Authority

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Section 83-7-25, Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedure Law, do hereby promulgate the following Rules and Regulation with an effective date as herein set forth in Section 7, upon compliance with the applicable statutes.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.02: Purpose

The purpose of this Rule is to recognize new mortality tables, 1983 Table "a" and 1983 GAM Table, for use in determining the minimum standard of valuation for annuity and pure endowment contracts.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.03: Definitions

A. As used in this Rule "1983 Table 'a'" means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

B. As used in this Rule "1983 GAM Table" means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.04: Individual Annuity or Pure Endowment Contracts

A. The 1983 Table "a" is recognized and approved as an individual annuity mortality Table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after July 1, 1984.

B. The 1983 Table "a" is to be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after the effective date of this regulation.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.05: Group Annuity or Pure Endowment Contracts

The 1983 GAM Table and the 1983 Table "a" are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, either table may be used for purposes of valuation for any annuity or pure endowment purchased on or after July 1, 1984 under a group annuity or pure endowment contract.

The 1983 GAM Table is to be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after the effective date of this regulation under a group annuity or pure endowment contract.

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.06: Separability

If any provision of this Rule or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

Source: *Miss. Code Ann.* § 83-5-1 (Rev 2011)

Rule 8.07: Effective Date

The effective date of this Regulation shall be thirty (30) days from and after its adoption and filing with the Secretary of State of the State of Mississippi.

PROMULGATED AND ADOPTED this the _____ day of _____, 1984.

Source: *Miss. Code Ann.* § 25-43-3.113(Rev 2010)

Rule 8.08: For Mississippi Model Regulation for Determining Reserve Liabilities for Group Annuities: Appendix 1:1983 GAM Table-Males

AGE	q	AGE	q	AGE	q
5	.000342	40	.001238	76	.049388
6	.000318	41	.001370	77	.054758
7	.000302	42	.001527	78	.060678
8	.000294	43	.001715	79	.067125
9	.000292	44	.001932	80	.074070
10	.000293	45	.002183	81	.081484
11	.000298	46	.002471	82	.089320
12	.000304	47	.002790	83	.097525
13	.000310	48	.003138	84	.106047
14	.000317	49	.003513	85	.114836
15	.000325	50	.003909	86	.124170
16	.000333	51	.004324	87	.133870
17	.000343	52	.004755	88	.144073
18	.000353	53	.005200	89	.154859
19	.000365	54	.005660	90	.166307
20	.000377	55	.006131	91	.178214
21	.000392	56	.006618	92	.190460
22	.000408	57	.007139	93	.203007
23	.000424	58	.007719	94	.217904
24	.000444	59	.008384	95	.234086
25	.000464	60	.009158	96	.248436
26	.000488	61	.010064	97	.263954
27	.000513	62	.011133	98	.280803
28	.000542	63	.012391	99	.299154
29	.000572	64	.013868	100	.319185
30	.000607	65	.015592	101	.341086
31	.000645	66	.017579	102	.365052
32	.000687	67	.019804	103	.393102
33	.000734	68	.022229	104	.427255
34	.000785	69	.024817	105	.469531
35	.000860	70	.027530	106	.521945
36	.000907	71	.030354	107	.586518
37	.000966	72	.033370	108	.665268
38	.001039	73	.036680	109	.760215
39	.001128	74	.040388	110	1.000000
		75	.044597		

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.09: For Mississippi Model Regulation forDetermining Reserve Liabilities for Group Annuities:Appendix 1: 1983 GAM Table-Females

AGE	q	AGE	q	AGE	q
5	.000171	40	.000665	76	.027184
6	.000140	41	.000716	77	.030672
7	.000118	42	.000775	78	.034459
8	.000104	43	.000841	79	.038549
9	.000097	44	.000919	80	.042945
10	.000096	45	.001010	81	.047655
11	.000104	46	.001117	82	.052691
12	.000113	47	.001237	83	.058071
13	.000121	48	.001366	84	.063807
14	.000131	49	.001505	85	.069918
15	.000140	50	.001647	86	.076570
16	.000149	51	.001793	87	.084459
17	.000159	52	.001948	88	.091935
18	.000168	53	.002119	89	.101354
19	.000179	54	.002315	90	.111750
20	.000189	55	.002541	91	.123076
21	.000201	56	.002803	92	.135630
22	.000212	57	.003103	93	.149577
23	.000225	58	.003442	94	.165103
24	.000238	59	.003821	95	.182419
25	.000252	60	.004241	96	.201757
26	.000268	61	.004702	97	.222043
27	.000282	62	.005210	98	.243899
28	.000301	63	.005769	99	.268185
29	.000320	64	.006385	100	.295187
30	.000342	65	.007064	101	.325225
31	.000364	66	.007817	102	.358897
32	.000388	67	.008681	103	.395842
33	.000414	68	.009702	104	.438360
34	.000443	69	.010921	105	.487816
35	.000476	70	.012385	106	.545886
36	.000502	71	.014128	107	.614309
37	.000535	72	.016159	108	.694884
38	.000573	73	.018481	109	.789474
39	.000617	74	.021091	110	1.000000
		75	.023992		

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Rule 8.10 For Mississippi Model Regulationfor Determining Reserve Liabilities for Group Annuities:Appendix 1:1983 Table "A"-Males/Females

Age	Males	Females	Age	Males	Females	Age	Males	Females
5	0.377	0.194	45	2.399	1.122	85	90.987	65.513
6	0.350	0.160	46	2.693	1.231	86	99.122	73.493
7	0.333	0.134	47	3.009	1.356	87	107.577	82.318
8	0.352	0.134	48	3.343	1.499	88	116.316	92.017
9	0.368	0.136	49	3.694	4.657	89	125.394	102.491
10	0.382	0.141	50	4.057	1.830	90	134.887	113.605
11	0.394	0.147	51	4.431	2.016	91	144.873	125.227
12	0.405	0.155	52	4.812	2.215	92	155.429	137.222
13	0.415	0.165	53	5.198	2.426	93	166.629	149.462
14	0.425	0.175	54	5.591	2.650	94	178.537	161.834
15	0.435	0.188	55	5.994	2.891	95	191.214	174.228
16	0.446	0.201	56	6.409	3.151	96	204.721	186.535
17	0.458	0.214	57	6.839	3.432	97	219.120	198.646
18	0.472	0.229	58	7.290	3.739	98	234.735	211.102
19	0.488	0.244	59	7.782	4.081	99	251.889	224.445
20	0.505	0.260	60	8.338	4.467	100	270.906	239.215
21	0.525	0.276	61	8.983	4.908	101	292.111	255.9583
22	0.546	0.293	62	9.740	5.413	102	315.826	275.201
23	0.570	0.311	63	10.630	5.990	103	342.377	297.500
24	0.596	0.330	64	11.664	6.633	104	372.086	323.390
25	0.622	0.349	65	12.851	7.336	105	405.278	353.414
26	0.650	0.368	66	14.199	8.090	106	442.277	388.111
27	0.677	0.387	67	15.717	8.888	107	483.406	428.023
28	0.704	0.405	68	17.414	9.731	108	528.989	473.692
29	0.731	0.423	69	19.296	10.653	109	579.351	525.658
30	0.759	0.441	70	21.371	11.697	110	634.814	584.462
31	0.786	0.460	71	23.647	12.905	111	695.704	650.646
32	0.814	0.479	72	26.131	14.319	112	762.343	724.750
33	0.843	0.499	73	28.835	15.980	113	835.056	807.316
34	0.876	0.521	74	31.794	17.909	114	914.167	898.885
35	0.917	0.545	75	35.046	20.127	115	1000.00	1000.00
36	0.968	0.574	76	38.631	22.654			
37	1.032	0.607	77	42.587	25.509			
38	1.114	0.646	78	46.951	28.717			
39	1.216	0.691	79	51.755	32.328			
40	1.341	0.742	80	57.026	36.395			
41	1.492	0.801	81	62.791	40.975			
42	1.673	0.867	82	69.081	46.121			
43	1.886	0.942	83	75.908	51.889			
44	2.129	1.026	84	83.230	58.336			

Source: *Miss. Code Ann.* § 83-7-25 (Rev 2011)

Part 2 Chapter 9: (84-106) Universal Life Regulation.

Rule 9.01: Preamble and Authority

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Section 83-7-25, Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedure Law, do hereby promulgate the following Rules and Regulation with an effective date as herein set forth in Section 9.12, upon compliance with the applicable statutes.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23; 83-7-25 (Rev 2011)

Rule 9.02: Purpose

The purpose of this regulation is to supplement existing regulations on life insurance policies in order to accommodate the development and issuance of universal life insurance plans.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23; 83-7-25 (Rev 2011)

Rule 9.03: Definitions

As used in this regulation:

A. Universal Life Insurance Policy.

"Universal life insurance policy" means any individual life insurance policy under the provisions of which separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts) and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by rider.

B. Flexible Premium Universal Life Insurance Policy.

"Flexible premium universal life insurance policy" means a universal life insurance policy which permits the policyowner to vary, independently of each other, the amount or timing of one or more premium payments or the amount of insurance.

C. Fixed Premium Universal Life Insurance Policy.

"Fixed premium universal life insurance policy" means a universal life insurance policy other than a flexible premium universal life insurance policy.

D. Interest-Indexed Universal Life Insurance Policy.

"Interest-indexed universal life insurance policy" means any universal life insurance policy where the interest credits are linked to an external referent.

E. Net Cash Surrender Value.

"Net Cash Surrender Value" means the maximum amount payable to the policyowner upon surrender.

F. Cash Surrender Value.

"Cash Surrender Value" means the Net Cash Surrender Value plus any amounts outstanding as policy loans.

G. Policy Value.

"Policy Value" means the amount of which separately identified interest credits and mortality, expense, or other charges are made under a universallife insurance policy.

H. May.

"May" is permissive.

I. Shall.

"Shall" is mandatory.

J. Commissioner.

"Commissioner" means the Commissioner of Insurance for the State of Mississippi.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

Rule 9.04: Scope

This regulation encompasses all individual universal life insurance policies except those policies defined under Section 2(s) of the Mississippi Variable Life Insurance Regulation Number 84-101.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

Rule 9.05: Valuation

A. Requirements.

1. The minimum valuation standard for universal life insurance policies shall be the Commissioners Reserve Valuation Method, as described below for such policies, and the tables and interest rates specified below. The terminal reserve for the basic policy and any benefits and/or riders for which premiums are not paid separately as of any policy anniversary shall be equal to the net level premium reserves less (C) and less (D), where:

   Reserves by the net level premium method shall be equal to ((A)-(B))r where (A), (B) and r are as defined below:

   (A) is the present value of all future guaranteed benefits at the date of valuation.

   (B) is the quantity $\frac{PVFB}{a_x} a_x + t$, where PVBF is the present value of all benefits at issue assuming future Guaranteed Maturity Premiums are paid by the policyowner and taking into account all guarantees contained in the policy or declared by the insurer.

   $a_x$and$a_x + t$are present values of an annuity of one per year payable on policy anniversaries beginning at ages x and x+t, respectively, and continuing until the highest attained age at which a premium may be paid under the policy. (x) is defined as the issue age and (t) is defined as the duration of the policy.

   The Guaranteed Maturity Premium for flexible premium universal life insurance policies shall be that level gross premium, paid at issue and periodically thereafter over the period during which premiums are allowed to be paid, which will mature the policy on the latest maturity date, if any, permitted under the policy (otherwise at the highest age in the valuation mortality table), for an amount which is in accordance with the policy structure. The Guaranteed Maturity Premium is calculated at issue based on all policy guarantees at issue (excluding guarantees linked to an external referent). The Guaranteed Maturity Premium for fixed premium universal life insurance policies shall be the premium defined in the policy which at issue provides the minimum policy guarantees.

   ris equal to one, unless the policy is a flexible premium policy and the policy value is less than the Guaranteed Maturity Fund, in which case e is the ration of the policy value to the Guaranteed Maturity Fund.

The Guaranteed Maturity Fund at any duration is that amount which, together with future Guaranteed Maturity Premiums, will mature the policy based on all policy guarantees at issue.

(C) is the quantity ((a)-(b))$\frac{a_{x+t_r}}{a_x}$where (a)-(b) is as described in (Section Four of the Standard Valuation Law, as amended in 1980) for the plan of insurance defined at issue by the Guaranteed Maturity premiums and all guarantees contained in the policy or declared by the insurer.

a_x+t and a_x are defined in (B) above.

(D) is the sum of any additional quantities analogous to (C) which arise because of structural changes in the policy, with each such quantity being determined on a basis consistent with that of (C) using the maturity date in effect at the time of the change.

The Guaranteed Maturity Premium, the Guaranteed Maturity Fund and (B) above shall be recalculated to reflect any structural changes in the policy. This recalculation shall be done in a manner consistent with the descriptions above.

Future guaranteed benefits are determined by (1) projecting the greater of the Guaranteed Maturity Fund and the policy value, taking into account future guaranteed Maturity Premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer; and (2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value.

All present values shall be determined using (1) and interest rate (or rates) specified by (the Standard Valuation Law, as amended in 1980) for policies issued in the same year; (ii) the mortality rates specified by (the Standard Valuation Law, as amended in 1980) for policies issued in the same year or contained in such other table as may be approved by the Commissioner for this purpose; and (iii) any other tables needed to value supplementary benefits provided by a rider which is being valued together with the policy.

B. Alternative Minimum Reserves.

1. If, in any policy year, the Guaranteed Maturity Premium on any universal life insurance policy is less than the valuation net premium for such policy, calculated by the valuation method actually used in calculating the reserve thereon but using the minimum valuation standards of mortality

and rate of interest, the minimum reserve required for such contract shall be the greater of (a) or (b).

(a) The reserve calculated according to the method, the mortality table, and the rate of interest actually used.

(b) The reserve calculated according to the method actually used but using the minimum valuation standards of mortality and rate of interest and replacing the valuation net premium by the Guaranteed Maturity Premium in each policy year for which the valuation net premium exceeds the Guaranteed Maturity Premium.

For universal life insurance reserves on a net level premium basis, the valuation net premium $\frac{PVFB}{a_x}$ and for reserves on a Commissioners Reserve Valuation Method, the valuation net premium is $\frac{PVFB}{a_x} + \frac{(a)-(b)}{a_x}$.

Source: *Miss. Code Ann.* § 83-7-23 (Rev. 2011)

Rule 9.06: Nonforfeiture

A. Minimum Cash Surrender Values for Flexible Premium Universal Life Insurance Policies.

1. Minimum cash surrender values for flexible premium life insurance policies shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately.

   The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to the accumulation to that date of the premiums paid minus the accumulations to that date of (i) the benefit charges, (ii) the averaged administrative expense charges for the first policy year and any insurance-increase years, (iii) actual administrative expense charges for other years, (iv) initial or additional acquisition expense charges not exceeding the initial or additional expense allowances, respectively, (v) any service charges actually made (excluding charges for cash surrender or election of a paid-up nonforfeiture benefit) and (vi) any deductions made for partial withdrawals; all accumulations being at the actual rate or rates of interest at which interest credits have been made unconditionally to the policy (or have been made conditionally, but for which the conditions have since been met), and minus any unamortized unused initial and additional expense allowances.

Interest on the premiums and on all charges referred to in items (i)-(iv) above shall be accumulated from and to such dates as are consistent with the manner in which interest is credited in determining the policy value.

The benefit charges shall include the charges made for mortality and any charges made for riders or supplementary benefits for which premiums are not paid separately. If benefit charges are substantially level by duration and develop low or no cash values, then the Commissioner shall have the right to require higher cash values unless the insurer provides adequate justification that the cash values are appropriate in relation to the policy's other characteristics.

The administrative expense charges shall include charges per premium payment, charges per dollar of premium paid, periodic charges per thousand dollars of insurance, periodic per policy charges, and any other charges permitted by the policy to be imposed without regard to the policyowner's request for services.

The averaged administrative expense charges for any year shall be those which would have been imposed in that year if the charge rate or rates for each transaction or period within the year had been equal to the arithmetic average of the corresponding charge rates which the policy states will be imposed in policy years two through twenty in determining the policy value.

The initial acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in the first policy year over the averaged administrative expense charges for that year. Additional acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in an insurance-increase year over the averaged administrative expense charges for that year. An insurance-increased year shall be the year beginning on the date of increase in the amount of insurance by policyowner request (or by the terms of the policy).

Service charges shall include charges permitted by the policy to be imposed as the result of a policyowner's request for a service by the insurer (such as the furnishing of future benefit illustrations) or of special transactions.

The initial expense allowance shall be the allowance provided by (items (ii), (iii), and (iv) of section five) or by (items (ii) and (iii) of section five-c(1)), as applicable, of (the Standard Nonforfeiture Law for Life Insurance, as amended in 1980) for a fixed premium, fixed benefit endowment policy with a face amount equal to the initial face amount of the flexible premium universal life insurance policy, with level premiums

paid annually until the highest attained age at which a premium may be paid under the flexible premium universal life insurance policy, and maturing on the latest maturity date permitted under the policy, if any, otherwise at the highest age in the valuation mortality table, The unused initial expense allowance shall be the excess, if any, of the initial expense allowance over the initial acquisition expense charges as defined above.

If the amount of insurance is subsequently increased upon request of the policyowner (or by the terms of the policy), an additional expense allowance and an unused additional expense allowance shall be determined on a basis consistent with the above and with (Section five-c(5) of the Standard Nonforfeiture Law for Life Insurance as amended in 1980), using the face amount and the latest maturity date permitted at that time under the policy.

The unamortized unused initial expense allowance during the policy year beginning on the policy anniversary at age x+t (where x is the issue age) shall be the unused initial expense allowance multiplied by $\frac{a_{x+}t}{a_x}$where $a_{x+}t$ and a_x are present values of an annuity of one per year payable on policy anniversaries beginning at ages x+t an x, respectively, and continuing until the highest attained age at which a premium may be paid under the policy, both on the mortality and interest bases guaranteed in the policy. An unamortized unused additional expense allowance shall be the unused additional expense allowance multiplied by a similar ratio of annuities, witha_x replaced by an annuity beginning on the date as of which the additional expense allowance was determined.

B. Minimum Cash Surrender Values for Fixed Premium Universal Life Insurance Policies.

1. For fixed premium universal life insurance policies, the minimum cash surrender values shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately.

The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to ((A)-(B)-(C)-(D)), where:

(A) is the present value of all future guaranteed benefits.

(B) is the present value of future adjusted premiums. The adjusted premiums are calculated as described in [sections 5 and 5-a or in paragraph (1) of section 5-c], as applicable, of [the Standard

Nonforfeiture Law for Life Insurance, as amended in 1980]. If section 5-c, paragraph (1) is applicable, the non-forfeiture net level premium is equal to the quantity $\frac{PVFB}{a_x}$, where PVFB is the present value of all benefits guaranteed at issue assuming future premiums are paid by the policy owner and all guarantees contained in the policy or declared by the insurer.

a_x is the present value of an annuity of one per year payable on policy anniversaries beginning at age x and continuing until the highest attained age at which a premium may be paid under the policy.

(C) is the present value of any quantities analogous to the non-forfeiture net level premium which arise because of guarantees declared by the insurer after the issue date of the policy. a_x shall be replaced by an annuity beginning on the date as of which the declaration became effective and payable until the end of the period covered by the declaration.

(D) is the sum of any quantities analogous to (B) which arise because of structural changes in the policy.

Future guaranteed benefits are determined by (1) projecting the policy value, taking into account future premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer; and (2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value.

All present values shall be determined using (i) an interest rate (or rates) specified by [the Standard Non-forfeiture Law for Life Insurance, as amended in 1980] for policies issued in the same year and (ii) the mortality rates specified by [the Standard Non-forfeiture Law for Life Insurance, as amended in 1980] for policies issued in the same year or contained in such other table as may be approved bythe Commissioner for this purpose.

C. Minimum Paid-Up Nonforfeiture Benefits.

1. If a universal life insurance policy provides for the optional election of paid-up nonforfeiture benefit, it shall be such that its present value shall be at least equal to the cash surrender value provided for by the policy on the effective date of the election. The present value shall be based on mortality and interest standards at least as favorable to the policy owner as (1) in the case of a flexible premium universal life insurance policy, the mortality and interest standards permitted for paid-up nonforfeiture benefits by [the Standard Nonforfeiture Law for Life Insurance, as amended in 1980]. In lieu of the paid-up nonforfeiture benefit, the

insurer may substitute, upon proper request not later than sixty days after the due date of the premium in default, an actuarially equivalent alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits, or, if applicable, a greater amount or earlier payment of endowment benefits.

Source: *Miss. Code Ann.* § 83-7-25 (Rev. 2011)

Rule 9.07: Mandatory Policy Provisions

The policy shall provide the following:

A. Periodic Disclosure to Policyowner.

The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep such policy owner advised as to the status of the policy. The end of the current report period must be not more than three months previous to the date of the mailing of the report. Specific requirements of this report are detailed in Section 9.

B. Illustrative Reports.

The policy shall provide for an illustrative report which will be sent to the policy owner upon request. Minimum requirements of such report are the same as those set forth in Section 8. The insurer may charge the policy owner a reasonable fee for providing the report.

C. Policy Guarantees.

The policy shall provide guarantees of minimum interest credits and maximum mortality and expense charges. All values and data shown in the policy shall be based on guarantees. No figures based on non-guarantees shall be included in the policy.

D. Calculation of Cash Surrender Values.

The policy shall contain at least a general description of the calculation of cash surrender values including the following information:

1. The guaranteed maximum expense charges and loads.

2. Any limitations on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than twenty-four (24) months.

3. The guaranteed minimum rate or rates of interest.

4. The guaranteed maximum mortality charges.

5. Any other guaranteed charges.

6. Any surrender or partial withdrawal charges.

E. Changes in Basic Coverage.

If the policy owner has the right to change the basic coverage, any limitation on the amount of timing of such change shall be stated in the policy. If the policy owner has the right to increase the basic coverage, the policy shall state whether a new period of contestability and/or suicide is applicable to the additional coverage.

F. Grace Period and Lapse.

The policy shall provide for written notice to be sent to the policy owner's last known address at least thirty days prior to termination of coverage.

A flexible premium policy shall provide for a grace period of at least thirty days after lapse. Unless otherwise defined in the policy, lapse shall occur on that date on which the net cash surrender value first equals zero.

G. Misstatement of Age or Sex.

If there is a misstatement of age or sex in the policy, the amount of the death benefit shall be that which would be purchased by the most recent mortality charge at the correct age or sex. The Commissioner may approve other methods which are deemed satisfactory and not in conflict with Section 83-7-15, Mississippi Code of 1972.

H. Maturity Date.

If a policy provides for a "maturity date," "end date," or similar date, then the policy shall also contain a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner, if such is the case.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-25 (Rev. 2011)

Rule 9.08: Disclosure Requirements

A. In connection with any advertising, solicitation, negotiation, or procurement of a universal life insurance policy:

1. Any statement of policy cost factors or benefits shall contain:

a. The corresponding guaranteed policy cost factors or benefits, clearly identified.

b. A statement explaining the nonguaranteed nature of any current interest rates, charges, or other fees applied to the policy, including the insurer's rights to alter any of these factors.

c. Any limitations on the crediting of interest, including identification of those portions of the policy to which a specified interest rate shall be credited.

(Note: Policy cost factors are those amounts which affect the price per thousand of life insurance coverage of other benefits. They include: interest, mortality, expense charges and fees, including any surrender or withdrawal charges, but not persistency assumptions.)

2. Any illustration of the policy value shall be accompanied by the corresponding net cash surrender value.

3. Any statement regarding the crediting of a specific current interest rate shall also contain the frequency and timing by which such rate is determined.

4. If any statement refers to the policy being interest-indexed, the index shall be described. In addition, a description shall be given of the frequency and timing of determining the interest rate and of any adjustments made to the index in arriving at the interest rate credited under the policy.

5. Any illustrated benefits based upon nonguaranteed interest, mortality, or expense factors shall be accompanied by a statement indicating that these benefits are not guaranteed.

6. If the guaranteed cost factors or initial policy cost factor assumptions would result in policy values becoming exhausted prior to the policy's maturity date, such fact shall be disclosed, including notice that coverage will terminate under such circumstances.

Source: *Miss. Code Ann.* §§83-5-1; 83-7-25 (Rev. 2011)

Rule 9.09: Periodic Disclosure to Policy owner

A. Requirements.

The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep such policy owner advised of the status of the policy. The end of the current report period shall be not more than three months previous to the date of the mailing of the report.

Such report shall include the following:

1. The beginning and end of the current report period.

2. The policy value at the end of the previous report period and at the end of the current report period.

3. The total amounts which 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).

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

5. The net cash surrender value of the policy as of the end of the current report period.

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

7. For fixed premium policies:

   If, assuming guaranteed interest, mortality and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report.

8. For flexible premium policies:

   If, assuming guaranteed interest, mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-25 (Rev. 2011)

Rule 9.10: Interest-Indexed Universal Life Insurance Policies

A. Initial Filing Requirements.

The following information shall be submitted in connection with any filing of interest-indexed universal life insurance policies ("interest-indexed policies"). All such information received shall be treated confidentially to the extent permitted by law.

1. A description of how the interest credits are determined, including:

a. a description of the index.

b. the relationship between the value of the index and the actual interest rate to be credited.

c. the frequency and timing of determining the interest rate.

d. the allocation of interest credits, if more than one rate of interest applies to different portions of the policy value.

2. The insurer's investment policy, which includes a description of the following:

a. how the insurer addressed the reinvestment risks.

b. how the insurer plans to address the risk of capital loss on cash outflows

c. how the insurer plans to address the risk that appropriate investments may not be available or not available in sufficient quantities.

d. how the insurer plans to address the risk that the indexed interest rate may fall below the minimum contractual interest rate guaranteed in the policy.

e. the amount and type of assets currently held for interest-indexed policies.

f. the amount and type of assets expected to be acquired in the future.

3. If policies are linked to an index for a specified period less than to the maturity date of the policy, a description of the method used (or currently contemplated) to determine interest credits upon the expiration of such period.

4. A description of any interest guarantee in addition to or in lieu of the index.

5. A description of any maximum premium limitations and the conditions under which they apply.

B. Additional Filing Requirements.

1. Annually, every insurer shall submit a Statement of Actuarial Opinion by the insurer's actuary similar to the example contained in subsection C of this Section.

2. Annually, every insurer shall submit a description of the amount and type of assets currently held by the insurer with respect to its interest-indexed policies.

3. Prior to implementation, every domestic insurer shall submit a description of any material change in the insurer's investment strategy or method of determining the interest credits. A change is considered to be material if it would affect the form or definition of the index (i.e., any change in the information supplied in Section 1 above) or if it would significantly change the amount or type of assets held for interest-indexed policies.

C. Statement of Actuarial Opinion for Interest-Indexed Universal Life Insurance Policies.

I, _____, am _____
(name) (position or relationship to Insurer)

_____for the XYZ Life Insurance Company in the state of
(The insurer)

_____.
(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, 19__, 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 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.

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

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23 (Rev. 2011)

Rule 9.11: Separability

If any provision of this rule or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of such provision to other persons or circumstances shall not be affected thereby.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

Rule 9.12: Effective Date

This regulation shall become effective thirty (30) days after its adoption and filing with the Mississippi Secretary of State's Office, as required by law.

PROMULGATED AND ADOPTED, this the 13th day of August, 1984.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2011)

Part 2 Chapter 10: (89-102) Regulation of Certain Payments with Respect to Credit Life and Credit Disability Insurance.

Rule 10.01: Statutory Authority

This Regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted by Mississippi Code Annotated, Sections 83-53-29, 83-17-229 and in accordance with the Mississippi Administrative Procedures Law. Section 83-53-29 grants the Commissioner authority to "issue any rules and regulations that he deems necessary to effectuate the purposes of this chapter (the credit insurance chapter of the Mississippi Code Annotated)." Section 83-17-129 states that the "Commissioner is hereby authorized to establish such rules and regulations as shall be necessary for the administration of this article (the article of the Mississippi Code Annotated entitled "Regulation of Agents for Life, Health, or Accident Insurers")." Section 83-17-229 provides that "the employees or officers of a lending institution or holding company, or the subsidiary or affiliate of a lending institution or holding company, may be licensed to sell credit life, health and accident insurance on behalf of his employer in accordance with regulations promulgated by the insurance commissioner." This Regulation is promulgated by the Commissioner pursuant to his full authority to regulate the payment of compensation to agents and to others in connection with the sale of credit insurance as set out in the above statutes.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 10.02: Purpose

The Commissioner is aware of the decision of the Mississippi Supreme Court in Tew vs. Dixieland Finance, Inc.,527 So. 2d 665 (Miss. 1988), in which the Court addressed certain issues concerning the licensing of agents to write credit life and credit disability insurance and payments made in connection with writing such insurance. The Court stated that it was delaying

the effect of its decision with respect to those issues until July 1, 1989, in order to provide the executive and legislative branches of the government of the State of Mississippi with an opportunity to take measures to resolve what the Court considered to be inconsistencies in the statutes and regulations concerning the licensing of agents and payment of compensation with respect to credit life and credit disability insurance. The purpose of this Regulation is to clarify and regulate what persons or entities may receive compensation payments made in connection with the issuance of credit life and credit disability insurance and/or the manner in which such payments may be received by licensed agents, creditors, corporations or other persons or entities involved in credit transactions.

Mississippi Code Annotated, Section 83-17-105 states that "no insurer or agent doing business in this state shall pay, directly or indirectly, any commission or any other valuable consideration to any person for services as an agent within this state unless such person shall hold a currently valid license and certificate of authority to act as an agent, as required by the laws of this State (emphasis added)." Mississippi Code Annotated, Section 83-17-7 contains a similar prohibition. Mississippi Code Annotated, Section 83-17-101(a), however, states that "the possessor of an insurable interest in any risk or subject of insurance shall not be deemed an agent by reason of procuring or maintaining, or agreeing to procure or maintain, insurance extending to such interests, together with the interest or interests of others in such risk or subject of insurance, however the cost may be borne." The Mississippi Legislature clearly contemplated that creditors can receive compensation from the sale of credit insurance. Mississippi Code Annotated, Section 83-53-25 makes this fact clear. The Commissioner interprets these four sections together and has determined that the prohibitions contained in Mississippi Code Annotated, Sections 83-17-7 and 83-17-105 do not apply in certain contexts involving credit insurance.

Many creditors offer credit insurance in connection with sale or lease transactions in which the creditor to a purchaser or lessee of goods or in connection with transactions in which the creditor makes a loan to a borrower. Credit life insurance is designed to "pay off the loan obligation if the insured borrower or co-borrower dies. Credit disability insurance provides a monthly benefit equal to the loan's monthly payment if the primary borrower is disabled." Fagg, Credit Life and Disability Insurance, XIV (1986). These creditors are required by law to offer credit insurance only through employees or other agents of the creditor licensed to write such insurance. By its nature, credit insurance is designed to protect both the creditor and the borrower from the risk of the borrower's death or disability. The creditor's interest in the transaction is that the extension of credit be repaid. Therefore, the Commissioner finds that the creditor in a credit transaction is the possessor of an insurable interest. The Commissioner further finds that the purchase and sale of credit insurance in connection with such a credit transaction is designed to protect the creditor's insurable interest in the transaction as well as the insurable interest of the debtor in the credit transaction. The Commissioner also finds that payments of compensation by a licensed employee or other agent of a creditor in a credit transaction to the creditor are not payments made in violation of Mississippi Code Annotated, Sections 83-17-7 and 83-17-105; such payments are not made to the creditor for the creditor's "service as an agent" since the creditor is not acting as an agent when procuring or arranging to procure insurance to protect its own insurable interest as provided by Mississippi Code Annotated, Section 83-17-101(a).

Many lending institutions and other entities covered by the Lending Institutions Act (Mississippi Code Annotated, Section 83-17-227 through 83-17-233) offer credit insurance in connection with loans and other credit transactions. Such an institution or entity is a creditor in a credit transaction and the possessor of an insurable interest. As noted above, Mississippi Code Annotated, Section 83-17-229 provides that "the employees or officers of a lending institution or holding company, may be licensed to sell credit life, health and accident insurance for and on behalf of his employer in accordance with regulations promulgated by the insurance commissioner." Pursuant to this regulatory authority, the Commissioner finds that the "for and on behalf" language authorizes a lending institution or holding company, to receive compensation in connection with the sale of credit insurance without being licensed to sell such insurance, provided an officer or employee of the lending institution or holding company or a subsidiary or affiliate of the lending institution or holding company is licensed to sell such insurance. The Commissioner also finds that the prohibitions contained in Mississippi Code Annotated, Sections 83-17-7 and 83-17-105 do not apply to such lending institutions, holding companies, subsidiaries or affiliates meeting the above standard.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 10.03: Applicability and Scope

This Regulation shall apply to all insurers and agents licensed to sell credit life and credit disability insurance and to the employers and affiliates of such agents acting as creditors, including lending institutions and other entities covered by the Lending Institutions Act (Mississippi Code Annotated, Sections 83-17-227 through 83-17-223), in credit transactions in connection with which there is a sale or purchase of a policy or certificate of credit life or credit disability insurance.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 10.04: Definitions

A. "Creditor" shall have the same meaning as defined in Mississippi Code Annotated, Section 83-53-3(2)(d).

B. "Credit insurance" shall mean the credit life insurance as defined in Mississippi Code Annotated, Section 83-53-3(2)(b) and credit disability insurance as defined in Mississippi Code Annotated, Section 83-53-3(2)(c).

C. "Compensation" shall have the same meaning as defined in Mississippi Code Annotated, Section 83-53-25(2) and (3).

D. "Insurer" shall have the same meaning as defined in Mississippi Code Annotated, Section 83-53-3(2)(g).

E. "Lending institution" shall have the same meaning as defined in Mississippi Code Annotated, Section 83-17-227(a).

F. "Holding company" shall have the same meaning as defined in Mississippi Code Annotated, Section 83-17-227(c).

Source: *Miss. Code Ann.* §§ 83-53-3 and 83-53-29 (Rev. 2011)

Rule 10.05: Regulation of Certain Payments in Connection with the Sale of Credit Life and Credit Disability Insurance

Compensation paid in connection with the purchase or sale of credit insurance may be paid (i) by an insurer to a person or other entity licensed as an agent to write credit insurance, (ii) by an insurer to the creditor in the transaction in connection with which the credit insurance was purchased or sold, or (iii) by an employee or other person or entity licensed to write credit insurance to the creditor in the transaction in connection with which the credit insurance was purchased or sold, or (iv) by an insurer or by an employee or other person or entity licensed to write credit insurance to a lending institution or a holding company or the subsidiary or affiliate of a lending institution or holding company. Nothing herein shall be construed as permitting the total compensation paid in connection with the purchase or sale of credit insurance to exceed the amount otherwise permitted by law. Nothing herein shall be construed as permitting the offer or sale or issuance of a policy or certificate of credit insurance other than by an authorized insurer or through an agent licensed to write credit insurance.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 10.06: Severability

If any provision of any section of this regulation or the application thereof to any circumstance or person or entity is held invalid, such invalidity shall not affect any other provision of that section or application of the regulation which can be given effect without the invalid provision or application, and to this end the provision of this regulation are declared to be severable.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 10.07: Effective Date

This Regulation shall become effective July 1, 1989.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Part 2, Chapter 11: Credit Life and Credit Disability Experience Refunds.

Rule 11.01: Statutory Authority

This Regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted by Miss. Code Ann., Section 83-53-29 and 83-53-25 (4) as amended, and in accordance with the Mississippi Administrative Procedures law.

Source: *Miss. Code Ann.* §§ 83-53-29; 83-53-25(4)(Supp. 2014)

Rule 11.02: Purpose

Miss. Code Ann., Section 83-53-25(3)(c) as amended, permits the payment, allocation or accrual of experience refunds by an insurer pursuant to a written experience refund agreement which are paid only with respect to earned premium produced by or attributable to the creditor or licensed agent designated to receive such experience refund. In addition, Section 83-52-25 (4) provides the Commissioner has authority to reduce and/or adjust experience refunds in accordance with the provisions of paragraphs (c) and (d) of subsection (3) of Section 83-53-25. The specific purposes of this Regulation are to regulate the payment of experience refunds and to eliminate devices designed to avoid or render ineffective the provisions of Miss. Code Ann. Section 83-53-1 et seq.; to ensure that amounts paid to a creditor or licensed agent as experience refunds are based upon earned experience written or produced by the agent.

Source: *Miss. Code Ann.* § 83-53-25 (Supp. 2014)

Rule 11.03: Applicability

This Regulation shall apply to all insurers selling credit insurance and their agents.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 11.04: Regulation of Experience Refunds Paid Pursuant to Experience Refund Agreements

Experience Refunds may be paid, allocated or accrued by an insurer pursuant to a written experience refund agreement and may be paid only with respect to earned premiums produced by or attributable to the creditor or licensed agent designated to receive such experience refund; provided however, that:

A. All such experience refund agreements shall be on a form approved in writing by the Commissioner and shall be filed with the Commissioner prior to use. A sample form recommended by the Commissioner is attached hereto as Exhibit "A".

B. All such experience refunds shall be calculated using only statutory accounting methods.

C. All such experience refund calculations shall be made in accordance with the requirements of the form which is attached hereto as Exhibit "B", said form having been prescribed by the Commissioner and which provides for, inter alia, the deduction of claims incurred, premium taxes incurred, compensation paid, and expenses incurred during the preceding calendar year.

D. All such experience refunds shall be paid annually within thirty (30) days following the filing of the insurer's annual statement with the Department of Insurance.

No experience refund may be paid if the insurer is insolvent or has capital or surplus less than the legal minimum or if the payment of the experience refund would render the insurer insolvent or result in the insurer's capital or surplus being less than the legal minimum.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 11.05: Effective Date

This Regulation shall become effective thirty (30) days after filing with the Office of the Secretary of State.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Rule 11.06: Experience Refund Agreement- Exhibit A

The Agent shall be entitled to receive an Experience Refund on the underwriting profit attributable to the credit insurance account covered by the Agency Agreement between the Agent and the Company. The Experience Refund shall be calculated according to the following formula:

At the end of each calendar year for which premiums were received under the Agency Agreement, the earned credit life and credit disability premiums will be determined. Earned premiums are defined as the net written premiums received less the increase in premium reserves. Premium reserves are calculated as follows: (1) for decreasing credit life, the sum of the digits method is used; (2) for level credit life, the pro rata method is used; (3) for credit disability the sum of the digits method is used.

From the earned premiums, the following will be deducted:

a. Claims incurred during the calendar year. Claims incurred are defined as claims paid plus the increase in: (1) claims due and unpaid; (2) claims in course of settlement; (3) claims incurred but not yet reported; and (4) present value of amounts not yet due on claims.

b. Premium taxes earned during the calendar year. Premium taxes earned are defined as premium taxes paid plus the increase in premium taxes due and unpaid.

c. Compensation paid or earned during the calendar year. Compensation shall be defined pursuant to Miss. Code Ann., Section 83-53-25, as amended.

d. Expenses Incurred

e. Any negative amounts as described below arising from prior year calculations.

If the above calculation results in a positive amount, the Company may pay to the Agent ____% of such amount as an Experience Refund. Such payment will be made within 90 days of the end of the calendar year.

If the above calculation results in a negative amount, the negative amount will be carried forward from year to year as long as necessary and will serve as a deduction in calculating the Experience Refund for subsequent calendar years.

All amounts shall be calculated in a manner consistent with instructions to the Annual Statement as required to be filed with the Mississippi Insurance Department.

If this Agreement is terminated by either party, no Experience Refund shall be paid for the year in which termination occurred or in any subsequent year.

If less than $_____ of net written premiums are received during a calendar year, this Agreement shall automatically terminate and no Experience Refund shall be paid for that year.

This agreement is effective _____.

_____ _____

Insurance Company Agent

By: _____ By: _____

Date: _____

Source: *Miss. Code Ann.* § 83-53-29 (Supp. 2014)

Rule 11.07: Experience Refund Agreement- Exhibit B

EXPERIENCE REFUND AGREEMENT

1.	Net written premiums	_____
2.	Premium Reserves - beginning of period	_____
3.	Premium Reserves - end of period	_____
4.	Earned premiums [1+2-3]	_____
5.	Claims paid	_____
6.	Claims due and unpaid and in course of settlement - Beginning of period	_____
7.	Claims due and unpaid and in course of settlement - End of period	_____

8.	Claims incurred but not reported - beginning of period	_____
9.	Claims incurred but not reported - end of period	_____
10.	Present value of claims not yet due - beginning of period	_____
11.	Present value of claims not yet due - end of period	_____
12.	Incurred claims [5-6+7-8+9-10+11]	_____
13.	Premium taxes paid	_____
14.	Premium taxes due and unpaid - beginning of period	_____
15.	Premium taxes due and unpaid - end of period	_____
16.	Earned premium taxes [13-14+15]	_____
17.	Compensation paid or earned during period	_____
18.	Expenses Incurred	_____
19.	Experience refund receivable from prior year	_____
20.	UNDERWRITING PROFIT DUE [4-12-16-17-18-19]	_____
21.	Percentage due Agent	_____
22.	EXPERIENCE REFUND DUE [20x11]	_____

Source: *Miss. Code Ann.* §83-53-29 (Supp. 2014)

Part 2 Chapter 12: (94-103) Credit Life and Credit Accident and Health Insurance**.**

Rule 12.01: Purpose and Authority

As a result of some concerns that the Mississippi Department of Insurance has relating to the credit life and credit accident and health insurance industry in the State of Mississippi, the Commissioner of Insurance believes that it would be in the best interest of the public of this State as well as the credit life and credit accident and health insurance companies operating in this State that this office promulgate this regulation to assist in the removal of any potential confusion or misunderstanding concerning Title 83, Chapter 53 of the 1972 Mississippi Codeas revised in 1991. This regulation is adopted pursuant to the provisions of Miss. Code Ann. §§ 25-43-1 and 83-53-29(Rev. 1991). Major concerns which will be addressed by this regulation are as follows:

A. To ensure the proper payment of claims and/or refunds.

B. That the insurance company ensures that sufficient documentation and records are maintained so that it can be determined if the refunds are calculated correctly and paid to the proper parties.

C. To put insurance companies operating in this State, on notice that they are responsible to make certain that all refunds are calculated correctly and paid to the proper parties.

D. That the proper refunds of any unearned premiums and any other fees are made to the appropriate parties.

E. To ensure that the insurance companies refunding mechanisms correspond with what has been filed with the Mississippi Department of Insurance.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 12.02: Regulation of Refunds to Beneficiaries

A. Each claim shall be settled pursuant to the insurance contract on file with the Mississippi Department of Insurance; this means that in cases where there is a second beneficiary, any excess proceeds after settling the claim with the first beneficiary shall be paid to the second beneficiary. If the insurance contract on file with the Department of Insurance does not comply with this regulation, then the insurance company shall file a new contract that complies with all provisions of this regulation.

B. The Mississippi Department of Insurance will consider any non-paymentto the second beneficiary a violation of the insurance laws and regulations of this State by the insurance company.

C. Any refund owed by the insurance company shall be calculated as the date of death.

D. The insurer shall make certain that proper documentation is maintained so that a determination can be made as to whether the proper refunds and claims were paid to the proper parties and how they were calculated.

E. Pursuant to Miss. Code Ann. §83-53-17(2)(Rev. 1991), the credit life premium is fully earned upon payment of a death claim. The unearned credit disability premium, as well as any other credit insurance premiums, other than credit life, shall be refunded on a "sum of the digits" ratio, commonly known as "Rule of 78's", when a credit life claim is paid. The insurer shall calculate the refund as of the date of death. The refund of the credit disability premium would be necessary due to the fact that after a credit life claim is made the "deceased" insured would not need a "disability" policy.

F. Pursuant to Miss. Code Ann. §§83-53-23(2)(b) and 83-53-23(5)(Rev.1991), whenever a company exceeds the $.80 per $100.00 of initial insured indebtedness rate at any age, the said company will have to substantiate that the rates at all ages (i.e., each age band) produce a loss ratio of a least 50%. The fore mentioned rates will not be approved by the

Department of Insurance until such time as the company substantiates a loss ratio of a least 50% on all age bands. Any company that is found charging rates that exceed the $.80 per annum per $100.00 of initial insured indebtedness after the effective date of this regulation, must be able to substantiate the 50% loss ratio or either be prepared to refund any overcharges.

Source: *Miss. Code Ann.* § 83-53-29 (Rev. 2011)

Rule 12.03: Application

If any provision or clause of this regulation or the application thereof to any person or any situation is held invalid, such invalidity shall not affect any other provision or application of the regulation which can be given effect without the invalid provision or application, and to this end, the provisions of this regulation are declared severable.

Source: *Miss. Code Ann.* §§ 83-53-29; 83-5-1 (Rev. 2011)

Rule 12.04: Effective Date

This Regulation shall take effect on the 1st day of March, 1995.

Source: *Miss. Code Ann.* 25-43-3.113 (Rev. 2010)

Part 2 Chapter 13: (98-2) Life Insurance Model Illustrations.

Rule 13.01: Purpose

The purpose of this regulation is to provide rules for life insurance policy illustrations that will protect consumers and foster consumer education. This regulation provides illustration formats, prescribes standards to be followed when illustrations are used, and specifies the disclosures that are required in connection with illustrations. The goals of this regulation are to ensure that illustrations do not mislead purchasers of life insurance and to make illustrations more understandable. Insurer will, as far as possible, eliminate the use of footnotes and caveats and define terms used in the illustration in language that would be understood by a typical person within the segment of the public to which the illustration is directed.

Source: *Miss. Code Ann.* §§ 83-53-29; 83-5-1 (Rev. 2011)

Rule 13.02: Authority

This regulation is issued based upon the authority granted the Commissioner under Miss. Code Ann. Sections 25-43-5, 25-43-7, 25-43-9, 83-5-1, 83-5-29, 83-5-33, 83-5-35, 83-5-45, and 83-17-129; as well as Mississippi Department of Insurance Regulation 88-101.VIII-IX.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 13.03: Applicability and Scope

This regulation applies to all group and individual life insurance policies and certificates except:

A. Variable life insurance;

B. Individual and group annuity contracts;

C. Credit life insurance; or

D. Life insurance policies whose death benefits on any individual will not exceed $10,000 during the term of the policy.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 13.04: Definitions

For the purposes of this regulation:

A. "Actuarial Standards Board" means the board established by the American Academy of Actuaries to develop and promulgate standards of actuarial practice.

B. "Contract premium" means the gross premium that is required to be paid under a fixed premium policy, including the premium for a rider for which benefits are shown in the illustration.

C. "Currently payable scale" means a scale of non-guaranteed elements ineffect for a policy form as of the preparation date of the illustration or declared to become effective within the next ninety-five (95) days.

D. "Disciplined current scale" means a scale of non-guaranteed elements constituting a limit on illustrations currently being illustrated by an insurer that is reasonably based on actual recent historical experience, as certified annually by an illustration actuary designated by the insurer. Further guidance in determining the disciplined current scale as contained in standards established by the Actuarial Standards Board may be relied upon if the standards:

1. Are consistent with all provisions of this regulation;

2. Limit a disciplined current scale to reflect only actions that have already been taken or events that have already occurred;

3. Do not permit a disciplined current scale to include any projected trends of improvements in experience or any assumed improvements in experience beyond the illustration date; and

4. Do not permit assumed expenses to be less than minimum assumed expenses.

E. "Generic name" means a short title descriptive of the policy being illustrated such as "whole life," "term life" or "flexible premium adjustable life."

F. "Guaranteed elements" and "non-guaranteed elements."

1. "Guaranteed elements" means the premiums, benefits, values, credits or charges under a policy of life insurance that are guaranteed and determined at issue.

2. "Non-guaranteed elements" means the premiums, benefits, values, credits or charges under a policy of life insurance that are not guaranteed or not determined at issue.

G. "Illustrated scale" means a scale of non-guaranteed elements currently being illustrated that is not more favorable to the policy owner than the lesser of:

1. The disciplined current scale, or

2. The current payable scale.

H. "Illustration" means a presentation of depiction that includes non-guaranteed elements of a policy of life insurance over a period of years and that is one of the three (3) types defined below:

1. "Basic illustration" means a ledger or proposal used in the sale of a life insurance policy that shows both guaranteed and non-guaranteed elements.

2. "Supplemental illustration" means an illustration furnished in addition to a basic illustration that meets the applicable requirements of this regulation, and that may be presented in a format differing from the basic illustration, but may only depict a scale of non-guaranteed elements that is permitted in a basic illustration.

3. "In force illustration" means an illustration furnished at any time after the policy that it depicts has been in force for one year or more.

I. "Illustration actuary" means an actuary meeting the requirements of Section 11 who certifies to illustrations based on the standard of proactive promulgated by the Actuarial Standards Board.

J. "Lapse-supported illustration" means an illustration of a policy form failing the test of self-supporting as defined in this regulation, under a modified persistency rate assumption using persistency rates underlying the disciplined current scale for the first five (5) years and 100 percent policy persistency thereafter.

K. "Minimum assumed expenses" means the minimum expenses that may be used in the calculation of the disciplined current scale for a policy form. The insurer may choose to designate each year the method of determining assumed expenses for all policy forms from the following:

1. Fully allocated expenses;

2. Marginal expenses; or

3. A generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the National Association of Insurance Commissioners.

Marginal expenses may be used only if greater than a generally recognized expense table. If no generally recognized expense table is approved, fully allocated expenses must be used.

L. "Non-term group life" means a group policy or individual policies of life insurance issued to members of an employer group or other permitted group where:

1. Every plan of coverage was selected by the employer or other group representative;

2. Some portion of the premium is paid by the group or through payroll deduction; and

3. Group underwriting or simplified underwriting is used.

M. "Policy owner" means the owner named in the policy or the certificate holder in the case of a group policy.

N. "Premium outlay" means the amount of premium assumed to be paid by the policy owner or other premium payer out-of-pocket.

O. "Self-supporting illustration" means an illustration of a policy form for which it can be demonstrated that, when using experience assumptions underlying the disciplined current scale, for all illustrated points in time on or after the fifteenth policy anniversary or the twentieth policy anniversary for second-or-later to die policies (or upon policy expiration, if sooner), the accumulated value of all policy cash flows equals or exceeds the total policy owner value available. For this purpose, policy owner value will include cash surrender values and any other illustrated benefit amounts available at the policy owner's election.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 13.05: Policies to be Illustrated

A. Each insurer marketing policies to which this regulation is applicable shall notify the Commissioner whether a policy form is to be marketed with or without illustration. For all policy forms being actively marketed on the effective date of this regulation, the insurer shall identify in writing those forms and whether or not an illustration will be used with them. For policy forms filed after the effective date of this regulation, the identification shall be made at the time of tiling. Any previous identification may be changed by notice to the Commissioner.

B. If the insurer identifies a policy form as one to be marketed without an illustration, any use of an illustration for any policy using that form prior to the first policy anniversary is prohibited.

C. If a policy form is identified by the insurer as one to be marketed with an illustration, a basic illustration prepared and delivered in accordance with this regulation is required, except that a basic illustration need not be provided to individual members of a group or to individuals insured under multiple lives coverage issued to a single applicant unless the coverage ismarketed to these individuals.

D. Potential enrollees of non-term group life subject to this regulation shall be furnished a quotation with the enrollment materials. The quotation shall show potential policy values for sample ages and policy years on a guaranteed and non-guaranteed basis appropriate to the group and the coverage. This quotation shall not be considered an illustration for purposes of this regulation, but all information provided shall be consistent with the illustrated scale. A basic illustration shall be provided at delivery of the certificate to enrollees for non-term group life who enroll for more than the minimum premium necessary to provide pure death benefit protection. In addition, the insurer shall make a basic illustration available to any non-term group life enrollee who request it.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 13.06: General Rules and Prohibitions

A. An illustration used in the sale of a life insurance policy shall satisfythe applicable requirements of this regulation, be clearly labeled “lifeinsurance illustration” and contain the following basic information;

1. Name of insurer;

2. Name and business address of producer or insurer’s authorized representative, if any;

3. Name, age and sex of proposed insured, except where a composite Illustration is permitted under this regulation;

4. Underwriting or rating classification ;upon which the illustration is Based;

5. Generic name of policy, the company product name, if different, form number;

6. Initial death benefit; and

7. dividend option election or application of non-guaranteed elements, if applicable.

B. When using an illustration in the sale of a life insurance policy, an insurer or its producers or other authorized representatives shall not:

1. Represent the policy as anything other than a life insurance policy;

2. Use or describe non-guaranteed elements in a manner that is misleading or has the capacity or tendency to mislead;

3. State or imply that the payment or amount of non-guaranteed elements is guaranteed.

4. Use an illustration that does not comply with the requirements of this regulation;

5. Use an illustration that at any policy duration depicts policy performance more favorable to the policy owner than that produced by the illustrated scale of the insurer whose policy is being illustrated;

6. provide an applicant with an incomplete illustration;

7. Represent in any way that premium payments will not be required for each year of the policy in order to maintain the illustrated deathbenefits, unless that is the fact;

8. Use the term "vanish" or "vanishing premium", or similar term that implies the policy becomes paid up, to describe a plan for using non-guaranteed elements to pay a portion of future premiums;

9. Except for policies that can never develop nonforfeiture values, us an illustration that is "lapse-supported"; or

10. Use an illustration that is not "self-supporting".

C. If an interest rate used to determine the illustrated non-guaranteed elements is shown, it shall not be greater than the earned interest rate underlying the disciplined current scale.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 13.07: Standards for Basic Illustrations

A. Format.

A basic illustration shall conform with the following requirements:

1. The illustration shall be labeled with the date on which it was prepared;

2. Each page, including any explanatory notes or pages, shall be numbered and show its relationship to the total number of pages in the illustration (e.g., the fourth page of a seven-page illustration shall be labeled "page 4 of 7 pages").

3. The assumed dates of payment receipt and benefit pay-out within a policy year shall be clearly identified.

4. If the age of the proposed insured is shown as a component of the tabular detail, it shall be issue age plus the numbers of years the policy is assumed to have been in force.

5. The assumed payments on which the illustrated benefits and values are based shall be identified as premium outlay or contract premium, as applicable. For policies that do not require a specific contract premium, the illustrated payments shall be identified as premium outlay.

6. Guaranteed death benefits and values available upon surrender, if any, for the illustrated premium outlay or contract premium shall be shown and clearly labeled guaranteed.

7. If the illustration shows any non-guaranteed elements, they cannot be based on a scale more favorable to the policy owner than the insurer's illustrated scale at any duration. These elements shall beclearly labeled non-guaranteed.

8. The guaranteed elements, if any, shall be shown before corresponding non-guaranteed elements and shall be specifically referred to on any page of an illustration that shows or describes only the non-guaranteed elements (e.g., "See page on for guaranteed elements".)

9. The account or accumulation value of a policy, if shown, shall be identified by the name this value is given in the policy being illustrated and shown in close proximity to the corresponding value available upon surrender.

10. The value available ;upon surrender shall be identified by the name this value is given in the policy being illustrated and shall be the amount available to the policy owner in a lump sum after deduction of surrender charges, policy loans and policy loan interest, as applicable.

11. Illustrations may show policy benefits and values in graphic or chart form in addition to the tabular form.

12. Any illustration of non-guaranteed elements shall be accompanied by a statement indicating that:

    a. The benefits and values are not guaranteed;

    b. The assumptions on which they are based are subject tochange by the insurer; and

    c. Actual results may be more or less favorable.

13. If the illustration shows that the premium payer may have the option to allow policy charges to be paid using non-guaranteedvalues, the illustration must clearly disclose that a charge continues to be required and that, depending on actual results, the premium payer may need to continue or resume premium outlays. Similar disclosure shall be made for premium outlay of lesser amounts or shorter durations than the contract premium. If a contract premium is due, the premium outlay display shall not be left blank or showzero unless accompanied by an asterisk or similar mark to draw attention to the fact that the policy is not paid up.

14. If the applicant plans to use dividends or policy values, guaranteed or non-guaranteed, to pay all or a portion of the contract premium or policy charges, or for any other purpose, the illustration may reflect those plans and the impact on future policy benefits andvalues.

B. Narrative Summary.

A basic illustration shall include the following:

1. A brief description of the policy being illustrated, including astatement that it is a life insurance policy.

2. A brief description of the premium outlay or contract premium, asapplicable, for the policy. For a policy that does not require payment of a specific contract premium, the illustration shall showthe premium outlay that must be paid to guarantee coverage for the term of the contract, subject to maximum premiums allowable to qualify as a life insurance policy under the applicable provisions of the Internal Revenue Code;

3. A brief description of any policy features, riders or options, guaranteed or non-guaranteed, shown in the basic illustration and the impact they may have on the benefits and values of the policy;

4. Identification and a brief definition of column headings and key terms used in the illustration; and

5. A statement containing in substance the following: “This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more less favorable than those shown.”

C. Numeric Summary.

1. Following the narrative summary, a basic illustration shall include a numeric summary of the death benefits and values and the premium outlay and contract premium, as applicable. For a policy that provides for a contract premium, the guaranteed death benefits and values shall be based on the contract premium. This summary shall be shown for at least policy years five (5), ten (10), and twenty (20), and at age 70, if applicable, on the three bases shown below. For multiple life policies the summary shall show policy years (5), ten (10), twenty (20) and thirty (30).

    a. policy guarantees;

    b. insurer’s illustrated scale;

    c. Insurer’s illustrated scale used but with the non-guaranteed elements reduced as follows:

        i. Dividends at fifty percent (50%) of the dividendscontained in the illustrated scale used;

        ii. Non-guaranteed credited interest rates that are the average of the guaranteed rates and the rates contained in the Illustrate scale used; and

        iii. All non-guaranteed charges, including but not limited to, term insurance charges, mortality and expense charges, at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used.

2. In addition, if coverage would cease prior to policy maturity or age 100, the year in which coverage ceases shall be identified for each of the three (3) bases.

D. Statements.

Statements substantially similar to the following shall be included on the same page as the numeric summary and signed by the applicant, or the policy owner in the case of an illustration provided at the time of delivery, as required in this regulation.

1. A statement to be signed and dated by the applicant or policy owner reading as follows: “I have received a copy of this illustration and understand that any non-

guaranteed elements illustrated are subject to change and could be either higher or lower. The agent has told me they are not guaranteed."

2. A statement to be signed and dated by the insurance producer or other authorized representative of the insurer reading as follows:"I certify that this illustration has been presented to the applicantand that I have explained that any non-guaranteed elementsillustrated are subject to change. I have made no statements thatare inconsistent with the illustration."

E. Tabular Detail.

1. A basic illustration shall include the following for at least each policy year from one (1) to ten (10) and for every fifth policy year thereafter ending at age 100, policy maturity or final expiration; and except for term insurance beyond the 20th yearfor any year in which the premium outlay and contract premiumif applicable, is to change:

   a. The premium outlay and mode the applicant plans to pay and the contract premium, as applicable;

   b. The corresponding guaranteed death benefit, as providedin the policy; and

   c. The corresponding guaranteed value available upon Surrender, as provided in the policy.

2. For a policy that provides for a contract premium, the guaranteeddeath benefit and value available upon surrender shall correspond to the contract premium.

3. Non-guaranteed elements may be shown if described in the contract. In the case of an illustration for a policy on which the insurer intends to credit terminal dividends, they may be shown if the insurer's current practice is to pay terminal dividends. If any non-guaranteed elements are shown they must be shown at the same durations as the corresponding guaranteed elements, if any. If no guaranteed benefit or value is available at any duration for which a non-guaranteed benefit or value is shown, a zero shall be displayed in the guaranteed column.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 13.08: Standards for Supplemental Illustrations

A. A supplemental illustration may be provided so long as:

1. It is appended to, accompanied by or preceded by as basicIllustration that complies with this regulation.

2. The non-guaranteed elements shown are not more favorable to the policy owner that the corresponding elements based on the scaleused in the basic illustration.

3. It contains the same statement required of a basic illustration that non-guaranteed elements are not guaranteed; and

4. For a policy that has a contract premium, the contract premiumunderlying the supplemental illustration is equal to the contractpremium shown in the basic illustration. For policies that do notrequire a contract premium, the premium outlay underlying the supplemental illustration shall be equal to the premium outlayshown in the basic illustration.

B. The Supplemental illustration shall include a notice referring to the basicillustration for guaranteed elements and other important information.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 13.09: Delivery of Illustrations and Record Retention

A. If a basic illustration is used by an insurance producer or otherauthorized representative of the insurer in the sale of a life insurance policy and the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this regulation, shall be submitted to the insurer at the time of policy application. A copy also shall be provided to the applicant.

If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be sent with the policy. The revised illustration shall conform to the requirements of the regulation, shall be labeled "Revised Illustration" and shall be signed and dated by the applicant or policy owner and producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

B. If no illustration is used by an insurance producer or other authorized representative in the sale of a life insurance policy or if the policy is applied for other than as illustrated, the producer or representative shall certify to that effect in writing on a form provided by the insurer. On the same form the applicant shall acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. This form shall be submitted to the insurer at the time of policy application.

If the policy issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed no later than the time the policy is delivered. A copy shall be provided to the insurerand the policy owner.

C. If the basic illustration or revised illustration is sent to the applicant or policy owner by mail from the insurer, it shall include instructions for the applicant or policy owner to

sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this subsection shall be satisfied if it can demonstrate that it has made a diligent effort to secure a signed copy of the numeric summary page. 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 numeric summary page.

D. A copy of the basic illustration and a revised basic illustration, if any, signed as applicable, along with any certification that either no illustration was used or that the policy was applied for other than as illustrated, shall be retained by the insurer until three (3) years after the policy is no longer in force. A copy need not be retained if no policy is issued.

Source: *Miss. Code Ann.* §§ 83-7-51; 83-5-1 (Rev. 2011)

Rule 13.10: Annual Report; Notice to Policy Owners

A. In the case of a policy designated as one for which illustrations will be used, the insurer shall provide each policy owner with an annual report on the status of the policy that shall contain at least the following information:

1. For universal life policies, the report shall include the following:

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;

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

g. For fixed premium policies:

If, assuming guaranteed interest, mortality and expense loads and continued scheduled premium payments, the policy's net cash surrender

value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report; or

h. For flexible premium polices:

If, assuming guaranteed interest, mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report.

2. For all other polices, where applicable:

a. Current death benefit;

b. Annual contract premium;

c. Current cash surrender value;

d. Current dividend;

e. Application of current dividend; and

f. Amount of outstanding loan.

3. Insurers writing life insurance policies that do not build non-forfeiture values shall only be required to provide anannual report with respect to these policies for those years when a change has been made to non-guaranteed policyelements by the insurer.

B. If the annual report does not include an in force illustration, it shall contain the following notice displayed prominently: "**IMPORTANT POLICY OWNER NOTICE**: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by calling (insurer's phone number), writing to (insurer's name) at (insurer's address) or contacting your agent. If you do not receive a current illustration of your policy within 30 days from your request, you should contact your state insurance department." The insurer may vary the sequential order of the methods for obtaining an in force illustration.

C. Upon the request of the policy owner, the insurer shall furnish an in forceillustration of current and future benefits and values based on the insurer'spresent illustration scale. This illustration shall comply with the requirements of Section 6A, 6B, 7A and 7E. No signature or other acknowledgement of receipt of this illustration shall be required.

D. If an adverse change in non-guaranteed elements that could affect the policy has been made by the insurer since the last annual report, the annual report shall contain a notice of that fact and the nature of the change prominently displayed.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 13.11: Annual Certifications

A. The board of directors of each insurer shall appoint one or moreillustration actuaries.

B. The illustration actuary shall certify that the disciplined current scale used in illustrations is in conformity with the Actuarial Standard of Practice for compliance with the NAIC Model Regulation on Life Insurance Illustrations promulgated by the Actuarial Standards Board, and that theillustrated scales used in the insurer-authorized illustrations meet the requirements of this regulation.

C. The illustration actuary shall:

1. Be a member in good standing of the American Academy of Actuaries;

2. Be familiar with the standard of practice regarding life insurance policy illustrations;

3. Not have been found by the Commissioner, following appropriate notice and hearing to have:

a. Violated any provision of, or any obligation imposed by, the insurance law or other law in the course of his or herdealings as an illustration actuary;

b. Been found guilty of fraudulent or dishonest practices;

c. Demonstrated his or her incompetence, lack of cooperation, or untrustworthiness to act as an illustration actuary; or

d. Resigned or been removed as an illustration actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of a failure to adhere to generally acceptable actuarial standards;

4. Not fail to notify the Commissioner of any action taken by a commissioner of another state similar to that under Paragraph (3) above;

5. Disclose in the annual certifications whether, since the last certification, a currently payable scale applicable for business issued within the previous five (5) years and within the scope of the certification has been reduced for reasons other than changes in the experience factors underlying the disciplined current scale. If

non-guaranteed elements illustrated for new policies are not consistent with those illustrated for similar in force policies, this must be disclosed in the annual certification. If non-guaranteed elements illustrated for both new and in force policies are not consistent with the non-guaranteed elements actually being paid, charged or credited to the same or similar forms, this must be disclosed in the annual certification; and

6. Disclose in the annual certification the method used to allocate overhead expenses for all illustrations.

    a. Fully allocated expenses;

    b. Marginal expenses; or

    c. A generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the National Association of Insurance Commissioners.

D. The illustration actuary shall file a certification with the board and with the Commissioner:

1. Annually for all policy forms for which illustrations are used; and

2. Before a new policy form is illustrated.

If an error in a previous certification is discovered, the illustrationactuary shall notify the board of directors of the insurer and the Commissioner promptly.

E. If an illustration actuary is unable to certify the scaled for any policy form illustration the insurer intends to use, the actuary shall notify the board of directors of the insurer and the Commissioner promptly of his or her inability to certify.

F. A responsible officer of the insurer, other than the illustration actuary, shall certify annually:

1. That the illustration formats meet the requirements of this regulation and that the scales used in insurer-authorized illustrations are those scales certified by the illustration actuary; and

2. That the company has provided its agents with information about the expense allocation method used by the company in its illustrations and disclosed as required in Subsection C(6) of this section.

G. The annual certifications shall be provided to the Commissioner each year by a date determined by the insurer.

H. If an insurer changes the illustration actuary responsible for all or a portionof the company's policy forms, the insurer shall notify the Commissioner of that fact promptly and disclose the reason for the change.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 13.12: Penalties

In addition to any other penalties provided by the laws of this state, an insurer or producer that violates a requirement of this regulation shall be guilty of a violation of Miss. Code Ann. Sections 83-5-29 to 83-5-51.

Source: *Miss. Code Ann.* §§ 83-5-29; 83-5-51; 83-5-1 (Rev. 2011)

Rule 13.13: Separability

If any provision of this regulation or its application to any person or circumstance is for any reason held to be invalid by any court of law, the remainder of the regulation and its application to other persons or circumstances shall not be affected.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 13.14: Effective Date

This regulation shall become effective on July 1, 1999, and shall apply to policiessold on or after the effective date.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Part 2 Chapter 14: (99-2) Life Insurance and Annuities Replacement Regulation (As Amended)

Rule 14.01: Purpose and Scope

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.

B. 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 insurer in connection with enrolling that individual. Group life insurance or group annuity certificates marketed through directresponse solicitation shall be subject to the provisions of Section 7;

3. Group life insurance and annuities used to fund prearranged 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; or when a term conversion privilege is exercised among corporate affiliates.

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 (a), 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 insurer has been notified that plan participants

may choose from among two (2) or more insurers 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 insurer 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;

8. Existing life insurance that is a non-convertible term life insurance policy that will expire in five (5) 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; or

10. Structured settlements.

C. Registered contracts shall be exempt from the requirements of Sections 5A (2) and 6B 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.

Source: *Miss. Code Ann.* §§ 83-5-37; 83-5-1 (Rev. 2011)

Rule 14.02: Definitions

A. "Direct-response solicitation" means a solicitation through a sponsoring or endorsing entity or individually solely through mails, telephone, the Internet or other mass communication media.

B. "Existing insurer" means the insurance company whose policy or contract is or will be changed or affected in a manner described within the definition of "replacement."

C. "Existing policy or contract" means an individual life insurance policy (policy) or annuity contract (contract) in force, including a policy under a binding or conditional receipt or a policy or contract that is within an unconditional refund period.

D. “Financed purchase” means 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 the 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 (4) months before or thirteen (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 Section 4A(5) of this regulation.

E. “Illustration” means a presentation or depiction that includes non-guaranteed elements of a policy of life insurance over a period of years.

F. “Policy summary,” for the purposes of this regulation;

1. For policies or contracts other than universal life policies, means 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, means a written statement that shall contain at least the following information: the beginning and end date of the current report period; the policy value at the end of the previous report period and at the end of the current report period; 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); the current death benefit at the end of the current report period on each life covered by the policy; the net cash surrender value of the policy as of the end of the current report period; and the amount of outstanding loans, if any, as of the end of the current report period.

G. “Producer,” for the purpose of this regulation, shall be defined to include agents, brokers and producers.

H. “Replacing insurer” means 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.

I. “Registered contract” means a variable annuity contract or variable life insurance policy subject to the prospectus delivery requirements of the Securities Act of 1933.

J. “Replacement” means 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;

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

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;

4. Reissued with any reduction in cash value; or

5. Used in a financed purchase.

K. "Sales material" means 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.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 14.03: 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. If the answer is "no," the producer's duties with respect to replacement are complete.

B. If the applicant answered "yes" to the question regarding existing coverage referred to in Subsection A, 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. 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 (in which case the producer need not have read the notice aloud) and left with the applicant.

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

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

E. Except as provided in Section 5C, 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.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.04: Duties of All Insurers that Use Producers

Each insurer shall:

A. Maintain a system of supervision and control to insure compliance with the requirements of this regulation that shall include at least the following:

1. Inform 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. Provide to each producer a written statement of the company's position with respect to the acceptability of replacements providing guidance to its producer as to the appropriateness of these transactions;

3. A system to review the appropriateness of each replacementtransaction 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 regulation may include, but shall not be limited to, systematic customer surveys, interviews, confirmation letters, or programs of internal monitoring;

B. 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 Insurance Department. 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 Subsection A(5) of this section; and

5. Replacements, indexed by replacing producer and existing insurer;

C. 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;

D. Require with each application for life insurance or an annuity that indicates an existing policy or contract a completed notice regarding replacements as contained in Appendix A;

E. When the applicant has existing policies or contracts, each insurer shall be able to produce copies of any sales material required by Section 3E, the basic illustration and any supplemental illustrations related to the specific policy or contract that is purchased, and the producer's and applicant's signed statements with respect to financing and replacement for at least five (5) years after the termination or expiration of the proposed policy or contract;

F. Ascertain that the sales material and illustrations required by Section 3E of this regulation meet the requirements of this regulation and are complete and accurate for the proposed policy or contract;

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

H. Maintains records in paper, photograph, microprocess, magnetic, mechanical or electronic media or by any process that accurately reproduces the actual document.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.05: 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 (5) business days of receipt of a completed application indicating replacement or when the replacement is identified if not indicated on the application, and mail a copy of the available illustration or policy summary for the proposed policy or available disclosure document for the proposed contract within five (5) business days of a request from an existing insurer;

3. Be able to produce copies of the notification regarding replacement required in Section 3B, indexed by producer, for at least five (5) years or until the next regular examination by the insurance department of a company's state of domicile, whichever is later; and

4. Provide to the policy or contract owner notice of the right to return the policy or contract within thirty (30) days of the delivery of the contract and receive an unconditional full refund of all premiums or considerations paid on it, 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

B. In transactions where the replacing insurer and the existing insurer are the same or subsidiaries or affiliates under common ownership or control, 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 made of an insurer pursuant to Section 3E, 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 Section 3D; and

2. Within ten (10) days of the issuance of the policy or contract:

a. Notify the applicant by sending a letter or by verbal communication with the applicant by a person whose duties are 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 Section 3D;

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 (5) years after the termination or expiration of the policy or contract.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.06: Duties of the Existing Insurer

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

A. Retain and be able to produce all replacement notifications received, indexed by replacing insurer, for at least five (5) years or until the conclusion of the next regular examination conducted by the Insurance Department of its state of domicile, whichever is later.

B. 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 (5) business days of receipt of a notice that an existing policy or contract is being replaced. The information shall be provided within five (5) business days of receipt of the request from the policy or contract owner.

C. Upon receipt of a request to borrow, surrender or withdraw any policy values, send 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.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.07: 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 in Appendix B, or other substantially similar form approved by the commissioner.

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 described in Appendix C, or other substantially similar form approved by the commissioner. 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. The insurer's obligation to obtain the applicant's signature shall be satisfied if it 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 Section 5A(2), if the applicant furnishes the names of the existing insurers, and the requirements of Sections 5A(3), 5A(4) and 5B.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.08: Violations and Penalties

A. Any failure to comply with this regulation shall be considered a violation of Mississippi Insurance Department, Regulation 37-1. Examples of violations include:

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

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

3. The intentional incorrect recording of an answer;

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.

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 an in force illustration if available or 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 that may include the revocation or suspension of a producer's or company's license, monetary fines and the forfeiture of any commissions or compensation paid to a producer as a result of the transaction in connection with which the violations occurred or any other penalties authorized under the Mississippi Code.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-41 (Rev. 2011)

Rule 14.09: Severability

If any section or portion of a section of this regulation, or its applicability to any person or circumstances, is held invalid by a court, the remainder of this regulation, or the applicability of its provisions to other persons, shall not be affected.

Source: *Miss. Code Ann.* §§ 83-5-1 (Rev. 2011)

Rule 14.10: Effective Date

This regulation shall be effective July 1, 2001

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2011)

Rule 14.11: Appendix A- Important Notice Regarding Replacements

APPENDIX A
IMPORTANT NOTICE:
REPLACEMENT OF LIFE INSURANCE OR ANNUITIES
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 the 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 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 "grandfathered" 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?

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.12: Appendix B- Notice Regarding Replacements for Direct Response Insurers

APPENDIX B

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 oneor 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.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Rule 14.13: Appendix C- Important Notice Regarding Replacement for Direct Response Insurers

APPENDIX C

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 the 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 the 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 "grandfathered" 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?

Source: *Miss. Code Ann.* §§ 83-5-1; 83-5-37 (Rev. 2011)

Part 2 Chapter 15: (2000-1) Viatical Settlements Regulations

Rule 15.01: Authority

This regulation is adopted by the Commissioner pursuant to the authority in Miss.Code Ann. §83-7-201 *et.seq*.

Source: *Miss. Code Ann.* § 83-7-201, *et seq*. (Rev. 2011)

Rule 15.02: Definitions

In addition to the definitions in Miss. Code Ann. § 83-7-203, the following definitions apply to this regulation:

A. "Chronically ill" means:

1. Being unable to perform at least two (2) activities of daily living (i.e. eating, toileting, transferring, bathing, dressing, or continence);

2. Requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment; or

3. Having a level of disability similar to that described in (1) above asdetermined by the Secretary of Health and Human Services;

B. "Insured" mean the person covered under the policy being considered for viatication;

C. "Financing Entity" means an underwriter, placement agent, lender, purchaser of securities, purchaser of a policy or certificate from a viatical settlement provider, credit enhancer, or any person that may be a party to a viatical settlement contract and that has a direct ownership in a policy or certificate that is the subject of a viatical settlement contract but whose sole activity related to the transaction is providing funds to effect the viatical settlement and who has an agreement in writing with a licensed viatical settlement provider to act as a participant in a financing transaction;

D. "Life expectancy" means the mean of the number of months the individual insured under the life insurance policy to be viaticated can be expected to live as determined by the viatical settlement provider considering medical records and appropriate experiential data;

E. "Life settlement" means when a person, who does not have a terminal or chronic illness, sells a life insurance policy to a third party, usually a viatical settlement provider, for less than the face value of the policy. For purposes of this regulation and the Viatical Settlements Act there is no difference between a life settlement and a viatical settlement;

F. "Net death benefit" means the amount of the life insurance policy or certificate to be viaticated less any outstanding debts or liens;

G. "Patient identifying information" means an insured's address, telephone number, facsimile number, electronic mail address, photograph or likeness, employer, employment status, social security number, or any other information that is likely to lead to the identification of the insured; and

H. "Terminally ill" means having an illness or sickness that can reasonably be expected to result in death in twenty-four (24) months or less.

Source: *Miss. Code Ann.* § 83-7-203 (Rev. 2011)

Rule 15.03: License Requirements

A. In addition to the information required in Miss Code Ann.§ 83-7-205, the Commissioner may ask for other information necessary to determine whether the applicant for a license

as a viatical settlement provider, viatical settlement broker, or viatical settlement representative complies with the requirements of Miss. Code Ann .§ 83-7-205.

B. The application shall be accompanied by a fee specified in Miss. Code Ann .§ 83-7-205 and a current copy of a letter of good standing obtained from the filing officer of the applicant's state of domicile. If a viatical settlement provider, viatical settlement broker or viatical settlement representative fails to pay the renewal fee within the time prescribed, or a viatical settlement provider fails to submit the reports required in of Miss Code Ann.§83-7-205(6), such nonpayment or failure to submit therequired reports shall result in lapse of the license. If a viatical settlement provider has, at the time of renewal, viatical settlements where the insured has not died, it shall do one of the following:

1. Renew or maintain its current license status until the earlier of the following events:

    a. The date the viatical settlement provider properly assigns, sells, or otherwise transfers the viatical settlements where the insured hasnot died; or

    b. The date that the last insured covered by viatical settlement transaction has died.

2. Appoint, in writing, either the viatical settlement provider that entered into the viatical settlement, the broker who received commissions from the viatical settlement, if applicable, or any other viatical settlement provider or broker licensed in this state to make all inquiries to the viator, the viator's designee, regarding health status of the viator or any other matters.

C. The license issued to a viatical settlement broker or viatical settlement representative shall be a life insurance license.

Source: *Miss. Code Ann.* § 83-7-205 (Rev. 2011)

Rule 15.04: Appointment Requirements for Viatical Settlement Representatives

A viatical settlement representative, as defined in Miss. Code Ann. § 83-7-203(2) shallnot solicit a viatical settlement contract without first obtaining an appointment from a licensed viatical settlement provider or licensed viatical settlement broker.

A. The appointment shall be made on a form required by the Commissioner.

B. The appointment shall be accompanied by a fee of ten dollars ($10.00). The appointment may be renewed yearly by payment of a fee of ten dollars ($10.00). Failure to pay the renewal fee within the prescribed time may result in automatic expiration of the appointment.

C. If the appointment is revoked by either party, the appointing viatical settlement provider or viatical settlement broker shall notify the Commissioner of the revocation within thirty (30) days.

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.05: Standards for Evaluation of Reasonable Payments

In order to assure that viators receive a reasonable return for viaticating an insurance policy, the following shall be minimum discounts:

Insured's Life Expectancy	Minimum Percentage of Face Value Less Outstanding Loans Received by Viator
Less than 6 months	80%
At least 6 but less than 12 months	70%
At least 12 but less than 18 months	65%
At least 18 but less than 24 months	60%
At least 24 but less than 30 months	55%
At least 30 but less than 42 months	50%

The percentage may be reduced by five percent (5%) for viaticating a policy written by an insurer rated less than the highest [4] categories by A.M. Best, or a comparable ratingby another agency.

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.06: Reporting Requirement

On March 1 of each calendar year, each viatical settlement provider licensed in this state shall make a report of all viatical settlement transactions where the viator is a resident of this state and for all states in the aggregate containing the following information for the previous calendar year:

A. For viatical settlements contracted during the reporting period:

1. Date of viatical settlement contract;

2. Viator's state of residence at the time of the contract;

3. Mean life expectancy of the insured at time of contract in months;

4. Face amount of policy viaticated;

5. Net death benefit viaticated;

6. Estimated total premiums to keep policy in force for mean life expectancy;

7. New amount paid to viator;

8. Source of policy (B-Broker, D-Direct Purchase; SM-Secondary Market);

9. Type of coverage (I-Individual or G-Group)

10. Within the contestable or suicide period, or both, at the time of viatical settlement (yes or no);

11. Primary ICD Diagnosis Code, in numeric format, as defined by the International classification of diseases, as published by the U.S. Department of Health and Human Services; and

12. Type of funding (I-Institutional; P-Private)

B. For viatical settlements where death has occurred during the reporting period:

1. Date of viatical settlement contract;

2. Viator's state of residence at the time of the contract;

3. Mean life expectancy of the insured at time of contract in months;

4. Net death benefit collected;

5. Total premiums paid to maintain the policy (WP- Waiver of Premium; NA-Not Applicable);

6. New amount paid to viator;

7. Primary ICD Diagnosis Code, in numeric format, as defined by the International Classification of Diseases, as published by the U.S. Department of Health and Human Services;

8. Date of death;

9. Amount of time between date of contract and the date of death in months;

10. Difference between the number of months that passed between the date of contract and the date of death and the mean life expectancy in months as determined by the reporting company;

11. Name and address of each viatical settlement broker through whom the reporting company purchased a policy from a viator who resided in this state at the time of contract;

12. Number of policies reviewed and rejected; and

13. Number of policies purchased in the secondary market as a percentage of total policies purchased.

Source: *Miss. Code Ann.* §§ 83-7-211; 83-7-219 (Rev. 2011)

Rule 15.07: General Rules

A. With respect to policies containing a provision for double or additional indemnity for accidental death, the additional payment shall remain payable to the beneficiary last named by the viator prior to entering into the viatical settlement contract, or to such other beneficiary, other than the viatical settlement provider, as the viator may thereafter designate, or in the absence of a beneficiary, to the estate of the viator.

B. Pursuant to Miss. Code Ann. § 83-7-217(4) the viatical settlement provider shall pay the proceeds of the viatical settlement to an escrow or trust account in a state or federally chartered financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) within two business days of receiving the documents that effect the transfer of the insurance policy.

C. Payment of the proceeds to the viator pursuant to a viatical settlement shall be made in a lump sum except where the viatical settlement provider has purchased an annuity or similar financial instrument issued by a licensed insurance companyor bank, or an affiliate of either. Retention of a portion of the proceeds by the viatical settlement provider or escrow agent is not permissible.

D. A viatical settlement provider, viatical settlement broker or viatical settlement representative shall not discriminate in the making or solicitation of viatical settlements on the basis of race, age, sex, national origin, creed, religion, occupation, marital or family status or sexual orientation, or discriminate between viators with dependents and without.

E. A viatical settlement provider, viatical settlement broker or viatical settlementrepresentative shall not pay or offer to pay any finder's fee, commission or other compensation to any insured's physician, or to an attorney, accountant or other person providing medical, legal or financial planning services to the viator, or to any other person acting as an agent of the viator with respect to the viaticalsettlement.

F. A viatical settlement provider shall not knowingly solicit investors who have treated or have been asked to treat the illness of the insured whose coverage would be the subject of investment.

G. Advertising standards:

Advertising related to the viatical settlement shall be truthful and notmisleading by fact or implication. The form and content of an advertisement of a viatical settlement contract, product, or service shall be sufficiently complete and clear so as to avoid deception. It shall not have the capacity or tendency to mislead or deceive. Whether an advertisement has the capacity or tendency to mislead or deceive shall be determined by the Commissioner from the overall impression that the advertisement may reasonably be expected to create upon a person of average education or intelligence within the segment of the public to which it is directed.

1. If the advertiser emphasizes the speed with which the viatication will occur, the advertising must disclose the average time frame from completed application to the date of offer and from acceptance of the offer to receipt of the funds by the viator.

2. If the advertising emphasizes the dollar amounts available to viators, the advertising shall disclose the average purchase price as a percent of face value obtained by viators contracting with the advertiser during the past six (6) months.

3. An advertisement may not represent that a viatical settlement purchase agreement is guaranteed by any insurance guaranty fund.

4. An advertisement shall not make unfair or incomplete comparisons of insurance policies, benefits, dividends or rates. An advertisement shall not disparage insurers, insurance producers, policies, services or methods of marketing.

5. An advertisement shall not use a trade name, group designation, name of the parent company of the viatical settlement provider, name of a particular division of the viatical settlement provider, service mark, slogan, symbol, or other device or reference without disclosing the name of the viatical settlement provider, if the advertisement would have the capacity or tendency to mislead or deceive as to the true identity of the viatical settlement provider, or create the impression that a company other than the viatical settlement provider would have any responsibility for the financial obligation under a viatical settlement contract or viatical settlement purchase agreement.

6. A provider may not use any terminology, logo, or words so similar to the name of a governmental agency or governmental program as to have the tendency to confuse, deceive, or mislead a prospective viator. Further, a provider shall not use an advertisement that would create the impression that a division or agency of the state or federal government endorses, approves, or favors the provider, the financial condition or business practices of the provider, agents for the provider, or the merits of any viatical settlement contract.

7. Each viatical settlement provider shall file with the Commissioner with its annual statement a certificate of compliance executed by an authorized officer of the viatical settlement provider stating that to the best of his or her knowledge, information and belief, the advertisements that were disseminated or seen or heard in this state by or on behalf of the viatical settlement provider during the preceding statement year complied or were made to comply in all respects with the provisions of this regulation and Miss. Code Ann.§ 83-7-215(3).

H. If a viatical settlement provider enters into a viatical settlement that allows the viator to retain an interest in the policy, the viatical settlement contract shall contain the following provisions;

1. A provision that the viatical settlement provider will affect the transfer of the amount of the death benefit only to the extent or portion of the amount viaticated. Benefits in excess of the amount viaticated shall be paid directly to the viator's beneficiary by the insurance company;

2. A provision that the viatical settlement provider will, upon acknowledgment of the perfection of the transfer, either;

a. Advise the insured, in writing, that the insurance company hasconfirmed the viator's interest in the policy; or

b. Send a copy of the instrument sent from the insurance company to the viatical settlement company that acknowledges the viator's interest in the policy; and

3. A provision that apportions the premiums to be paid by the viatical settlement company and the viator. It is permissible for the viaticalsettlement contract to specify that all premiums shall be paid by theviatical settlement company. The contract may also require that the viator reimburse the viatical settlement provider for the premiums attributable to the retained interest.

I. Viatical settlement contracts and purchase agreement forms and applications for viatical settlements, regardless of the form of transmission, shall contain the following statement or a substantially similar statement: "Any person who knowingly presents false information in an application for insurance or viatical settlement contract or viatical settlement purchase agreement may be guilty of a crime and prosecuted under state law."

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.08: Disclosure

A. A disclosure document containing the disclosures required in Miss Code Ann. § 83-7-215 and this regulation shall be provided before or concurrent with taking anapplication for a

viatical settlement contract. Said disclosure document shall contain all of the disclosures listed in Appendix A.

B. The disclosure document shall contain the following language: "All medical, financial or personal information solicited or obtained by a viatical settlementcompany or viatical settlement broker about a viator and insured, including the viator and insured's identity or the identity of family members, a spouse or a significant other, is confidential." The information shall not be disclosed in anyform to any person, unless disclosure:

    1. Is necessary to effect the viatical settlement between the viator and theviatical settlement provider; and

    2. The viator and insured have provided prior written consent to thedisclosure; or

    3. Is provided in response to an investigation by the Commissioner or anyother governmental officer or agency.

C. The disclosure shall include advising the viator and insured that the information may be provided to financing entities including individual and institutionalpurchasers.

Source: *Miss. Code Ann.* §§ 83-7-215; 83-7-219 (Rev. 2011)

Rule 15.09: Prohibited Practices

A. A viatical settlement provider, viatical settlement broker, or viatical settlementrepresentative shall not provide patient identifying information to any person, unless the insured and viator provide written consent to the release of theinformation at or before the time of the viatical settlement transaction pursuant to Section 8B.

B. A viatical settlement provider, viatical settlement broker, or viatical settlement representative shall obtain from a person that is provided with patient identifying information a signed affirmation that the person or entity will not further divulge the information without procuring the express, written consent of the insured for the disclosure. Notwithstanding the foregoing, if a viatical settlement provider, viatical settlement broker or viatical settlement representative is served with a subpoena and, therefore, compelled to produce records containing patient identifying information, it shall notify the viator and the insured in writing at their last known addresses within five (5) business days after receiving notice of the subpoena.

C. A viatical settlement provider shall not act also as a viatical settlement broker, whether entitled to collect a fee directly or indirectly, in the same viatical settlement.

D. A viatical settlement broker shall not, without the written agreement of the viatorobtained prior to performing any services in connection with a viatical settlement, seek or obtain any compensation from the viator.

E. A viatical settlement provider shall not use a longer life expectancy than is realistic in order to reduce the payout to which the viator is entitled.

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.10: Insurance Company Practices

A. Life insurance companies authorized to do business in this state shall respond to a request verification of coverage from a viatical settlement provider or a viaticalsettlement broker within thirty (30) calendar days of the date a request is received, subject to the following conditions:

1. A current authorization consistent with applicable law, signed by the policy owner or certificate holder, accompanies the request;

2. In the case of an individual policy, submission of a form substantially similar to Appendix B, which has been completed by the viatical settlement provider or the viatical settlement broker in accordance with the instructions on the form.

3. In the case of group insurance coverage:

4. Submission of a form substantially similar to Appendix C, which has been completed by the viatical settlement provider or viatical settlement broker in accordance with the instructions on the form, and

5. Which has previously been referred to the group policy holder and completedto the extent the information is available to the group policy holder.

B. Nothing in this section shall prohibit a life insurance company and a viaticalsettlement provider or a viatical settlement broker from using anotherverification of coverage form that has been mutually agreed upon in writing inadvance of submission of the request.

C. A life insurance company may not charge a fee for responding to a request forinformation from a viatical settlement provider or viatical settlement broker incompliance with this section in excess of any usual and customary charges tocontract holders, certificate holders or insureds for similar services.

D. The life insurance company may send an acknowledgment of receipt of therequest for verification of coverage to the policy owner or certificate holder and, where the policy owner or certificate owner is other than the insured, to the insured. The acknowledgment may contain a general description of any accelerated death benefit that is available under a provision of or rider to thelife insurance contract.

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.11: Effective Date

This regulation is effective August 1, 2000. A viatical settlement provider, viatical settlement broker or viatical settlement representative transacting business in this state may continue to do so pending approval of the provider, broker or representative's application for a license as long as the application is filed with the commissioner by July 1, 2000.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2010)

Rule 15.12: Appendix A- Disclosure Form

APPENDIX A

Selling Your Life Insurance Policy

Today it is possible for you to sell your life insurance policy to someone else (a viatical settlement provider) for an immediate cash payment. This financial arrangement, known as a viatical settlement, is best suited for people who are living with an immediate life-threatening illness and facing tough financial choices. A viatical settlement may also be beneficial for individuals who do not have a terminal or chronic illness, but wish to sell the policy for other reasons including, changed needs of dependents, wanting to reduce premiums, and cash for meeting expenses.

It may not always be in your best interest to sell you life insurance policy. Before you take action, you want to be sure you understand:

What future benefits you may lose
What other options may be available

Selling you life insurance policy is a complex financial arrangement. This guide will help you make an informed decision.

We recommend that you:

A. Evaluate your needs
B. Check all your options
C. Understand how the process works
D. Know your rights
E. Check with the Mississippi Insurance Department

Step 1. Evaluate your needs

Before you sell your policy and give up valuable insurance protection, think about whether your need for life insurance has changed since you bought the policy. If it hasn't, selling you policy may not be the right choice. If you sell your policy now, your beneficiaries **will not** be paid a benefit at your death.

If you sell your policy now, remember premiums go up a lot as you grow older. You may not want to pay the higher cost to replace your coverage later.

Step 2. Check all of your options

Your may be able to get the cash you need now without selling your policy:

A. Policy Cash Values

Contact your current life insurance agent or company to see if you have any cash value in your policy. Ask if you can:

borrow from the cash value and still keep the insurance in force,
cancel the policy for its current cash value,
use the cash value as collateral to get a loan from a financial institution.

Your insurance company must tell you about your options if you ask.

B. Accelerated Death Benefits

Find out if your policy has an "accelerated death benefit." It may be your best option.

Many life insurance policies do have an accelerated death benefit. With that benefit, policy holders who are terminally ill, affected with certain diseases or permanently confined in a nursing home can access 50% or more of a policy's death benefit while still living. An accelerated death benefit could pay you a large part of your policy's death benefit and you could keep your policy.

A very important feature of the accelerated benefit is that when the policy holder dies, the beneficiaries get the remaining death benefit. This means that eventually 100% of the policy benefits will be paid out either to the insured or the beneficiary.

C. Other Considerations

Think about what it will mean if you do sell your policy. Check out the tax implications. Not all proceeds from a viatical settlement are tax-free.

Find out if creditors could claim any of the money you would get from a viatical settlement.

Find out if you will lose any public assistance benefits such as Medicaid or other government benefits if you accept a cash settlement for your life insurance.

D. Comparison Shop

To learn the market value of your policy, it's a good idea to contact three to five viatical settlement providers. Or you could use a viatical settlement broker who would contact several viatical settlement providers for you. Your financial advisor can help you decide whether to work with a viatical settlement provider or through a viatical settlement broker.

E. Summary

Everyone's financial situation is different. A viatical settlement may or may not be the best approach for you. Check it out for yourself. We recommend that you ask an advisor who is qualified to review your finances to help you review your options.

Step 3. How the process works

If you decide to sell your life insurance policy to a viatical settlement provider, you will enter into a viatical settlement agreement with the provider. You, the seller, agree to accept a cash payment for your policy. The amount will be less than the face amount the policy would pay upon your death. (For example, you might agree to accept a $75,000 cash payment for a $100,000 policy)

The viatical settlement provider buying your policy:

A. becomes the new owner of your policy,
B. names the beneficiary,
C. collects the full death benefit when you die,
D. begins paying premiums on the policy, and
E. may sell your policy again.

There are four basic phases required to complete a viatical transaction:

A. Phase 1—Qualifying to sell your policy (underwriting)

The viatical settlement provider will need information about you before making an offer. Usually it will take some preliminary information from you over the phone and send you this paperwork to sign:

A medical release form so the viatical settlement provider can get and review your medical records an authorization form to contact your insurance company to confirm benefit, premium, and ownership of your policy.

To avoid delays, it's important that you give complete and accurate information about your medical history.

If you apply with more than one viatical settlement provider, each will contact your doctor for medical records and your insurance company for policy information.

B. Phase 2—Calculating the offer

The viatical settlement provider uses the information it gets in the underwriting phase to make an offer. To develop an offer, a viatical settlement provider takes into account various factors including:

1. Estimated life expectancy and medical condition of the insured. Generally, the shorter the life expectancy of the insured, the more the viatical settlement provider will offer for the policy.
2. The amount of life insurance coverage.
3. Loans or advances, if any, previously taken against the policy.
4. Amount of premiums necessary to keep the life insurance policy in force.
5. The rating of the issuing insurance company.
6. Prevailing interest rates.
7. The minimum payment required by Mississippi Insurance Regulation.

C. Phase 3—Closing the agreement

If you accept an offer, a closing package is forwarded to you, the seller, for approval and signature. Closing documents typically include an offer letter, a viatical settlement contract, and the forms the insurance company needs to transfer ownership of the policy to the viatical settlement provider.

The closing documents are then returned to the viatical settlement provider for its signature.

The viatical settlement provider will put the cash payment owed to you in escrow, if required, and send the signed insurance change forms to the insurance company to record the change.

Phase 4.Know your rights

A. State laws

Mississippi provides you with important consumer protections. You'll want to contact the Mississippi Insurance Department if you have any questions about the following consumer protections Mississippi requires:

1. A viatical settlement broker or viatical settlement provider arranging viatical settlements must be licensed with the Mississippi Insurance Department.
2. The viatical settlement provider buying your policy must keep your identity and medical history confidential unless you give written consent to tell others.
3. To protect your proceeds, the viatical settlement provider buying your policy must put your money into an escrow account with an independent party during the transfer process.

4. You have the right to change your mind about the settlement AFTER you receive the money, provided you return all the money. You have 15 days to review your settlement arrangement.
5. The new owners of your policy are limited in how often they may contact you about your health status.

B. Federal tax laws

Two groups of people may receive benefits from a viatical settlement without owing federal income tax:

1. persons who have been diagnosed with a terminal illness and with a life expectancy of 24 months or less; and
certain chronically ill individuals.

2. If you qualify for this federal tax-free treatment, you also must use a viatical settlement provider that is licensed in the state when you live, or, in states where licensing is not required, that complies with the standards of the National Association of Insurance Commissioners' Viatical Settlements Model Act.

Remember that, as when interpreting any tax laws, it's always best to check with your own financial advisor.

C. Avoiding Consumer Fraud

If you have been contacted by someone who wants you to buy a policy and then sell it immediately, you should contact your Mississippi Insurance Department. You may be a target for fraud.

If you are asked to buy a life insurance policy for the sole purpose of selling it, you may be participating in fraud.

If you are asked to invest in a viatical settlement, we recommend you contact the Mississippi Secretary of State's Office to learn more about the issues and risks that migh be involved in such an investment.

Step 5.Check with your state insurance regulator

A. State Licensing

For a complete list of authorized viatical settlement providers, brokers, and their representatives, call the Mississippi Department of Insurance.

B. Seller Checklist

Before you sell your policy be sure you know the answers to these questions

C. Evaluating your needs

Do you still need life insurance?
Do you have dependents who might rely on your life insurance benefits should anything happen to you?
If you don't need life insurance protection now, what are the chances you'll need it in the future?

D. Current policy benefits

Can you borrow from the cash value?
Can you cancel the policy for its current cash value?
Can you use the cash value as collateral to get a loan from a financial institution?
Do you have an accelerated death benefit feature?

E. Taxes and other financial considerations

Is the money you get from selling the policy taxable?
Will the money you get from selling the policy affect your eligibility for government benefits?
Do you need the advice of a tax or estate planning specialist before you decide to sell our policy?
If you sell your policy, can any of your creditors claim the money?

F. Understanding the process

If you sell your policy, who will be the legal owner?
Is the viatical settlement provider buying your policy licensed?
If you sell your policy, how will the value you get be calculated? What interest rate will be used?
If you sell your policy but then change your mind, can you get your money back?
Will investors have specific information about you, your family or your health status?
How are fees or commissions paid to the viatical settlement broker or provider?

G. Protections in your state

Contact the Mississippi Insurance Department to find out more about the laws governing viatical settlements in Mississippi.

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.13: Appendix B- Verification of Coverage for Individual Policies

APPENDIX B

VERIFICATION OF COVERAGE
FOR INDIVIDUAL POLICIES

Section One:
(To be completed by the Viatical Settlement Provider or Viatical Settlement Broker)

Insurance Company:_____Name of Policyowner _____

Policy number: _____ Owner's Social Security Number: _____

Name of Insured: _____ Policyowner's Address: _____
(street)

Insured's date of birth: _____ _____
(City/State)

Please provide the information requested in Section Two (below) with regard to the policy identified above and in accordance with the attached authorization.

In addition, please provide the forms checked below which are available from your company to complete a viatical settlement transaction:

Absolute Assignment/Change of Ownership/Viatical Assignment form
Change of Beneficiary
Release of Irrevocable Beneficiary (if applicable)
Waiver of Premium Claim Form
Disability Waiver of Premium Approval Letter

_____ _____
Date Signature of a representative of Viatical Settlement Broker or Viatical Settlement Provider

_____
_____
Full name and address of Viatical Settlement Broker or Viatical Settlement Provider

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Section Two:
(To be completed by the life insurance company)

1) Face amount of policy: $_____

2) Original date of issue: _____/_____/_____*Month/Date/Year*)

3) Was face amount increased after original issue date? no yes
   a) if yes, when: _____/_____/_____

4) Type of policy:_____(*Term/Whole Life/ Universal Life/Variable Life*)

5) Is policy participating? no yes
   a) If yes, what is current dividend election?_____

6) Current net death benefit:_____(Enter full amount payable, including any additional insurance, and/or dividends accumulated at interest, minus policy loans, outstanding interest on policy loans and/or accelerated death benefits paid)

7) a) Current cash value: $_____(Enter full amount, including cash value of any additional insurance and/or dividends accumulated at interest, minus policy loans and outstanding interest on policy loans)
   b) Current surrender value: $_____

8) Terms of policy loans:
   a) Amount of policy loans $_____
   b) Amount of outstanding interest on policy loan: $_____
   c) Current interest rate: _____

9) Has policy lapsed? no yes
   a) If yes, when did policy lapse? _____/_____/_____
      If policy has lapsed, is coverage continued under non-forfeiture option? no yes
      If yes, indicate which option, amount of coverage, duration, etc.:_____

10) Is policy in force? no yes
   a) If yes, has the policy been reinstated within the last two years? no yes
      If yes, date of reinstatement: _____/_____/_____

11) Amount of contract/scheduled premiums: $_____

12) Current premium mode: _____(Monthly, semi-annually, etc.)
   a) When is next premium due? _____/_____/_____Month/Day/Year

13) Does the policy include a disability premium waiver provision/rider? no yes
   a) If yes, are premiums currently being waived? no yes
   b) If yes, since when _____/_____/_____
   c) How often is continued eligibility reviewed?_____
   d) When is next review? _____/_____/_____

14) Can payment of all or part of the death benefit be accelerated under this policy?
   no yes
   a) If yes, by what method is the benefit calculated, the lien method or the discount method? _____
   b) If lien method, what is the interest rate? _____
   c) Can any remaining death benefit be assigned? no yes

15) Has a claim for accelerated death benefit been submitted? no yes
a) If yes, was payment made under this provision? no yes

Amount paid:_____ Date Paid: _____

16) Do current records show any assignments of record? no yes

17) Do current records show any outstanding liens or encumbrances of record?
no yes

18) Please identify current primary beneficiaries: _____
a) Are they named irrevocably, or is owner otherwise limited in designation of new beneficiaries? no yes

19) Have any riders been added to this policy after issue? no yes
If yes, please identify:_____

20) If an ownership or beneficiary change or assignment were to be made on this policy, to whom would the completed forms be sent?

Name:_____Title:_____

Company:_____Department:_____

Address(no PO BOX, please) _____

City:_____State:_____ZIP:_____

Telephone No: _____ Fax: _____

The answers provided reflect information contained in the company's records as of:_____
(date)

Signature: _____Name (printed)_____

Title:_____

Company: _____

Direct Telephone No: _____Direct Fax No:_____

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Rule 15.14: Appendix C- Verification of Group Insurance Benefits

APPENDIX C

VERIFICATION OF GROUP LIFE INSURANCE BENEFITS

Section One:
(To be completed by the viatical settlement provider or viatical settlement broker)

Insurance Company **Name of Employee/member**

Employer/Policyholder name **Insured's Date of Birth**

Policy Number **Insured's Social Security Number**

Certificate Number **Employee/Membership Number**

Please provide the information requested in Section Two or Section Three, as appropriate, with regard to the individual and coverage described, in accordance with the attached authorization. In addition, please provide the forms checked below which are available from your company to complete a viatical settlement transaction:

Absolute Assignment
Change of Beneficiary (irrevocable if Applicable)
Disability Waiver of premium claim or
Disability Waiver of premium award letter

_____ _____

Date Signature of a representative of ViaticalSettlement Broker or Viatical Settlement Provider

Full name and address of Viatical Settlement Broker or Viatical Settlement Provider

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Section Two:
(To be completed by the employer/group policyholder and the insurer. Both should indicate the parts they completed)

1. BASIC COVERAGE:

a) Is the plan self-insured or is coverage provided under a group policy issued by a life insurance company?

If by a group policy, please provide the name of the insurance company for BASIC life insurance coverage:

b) Effective date of BASIC life insurance coverage:

c) Face amount of BASIC life insurance:

d) Does BASIC coverage plan have contestable provisions? no yes

e) Is BASIC coverage subject to a suicide provision? no yes

f) Monthly premium paid by employer/group policyholder for BASIC life insurance: $

g) Monthly premium paid by employee/insured for BASIC life insurance: $

h) Is BASIC life insurance coverage Term Universal Life?

i) If Universal Life, please indicate cash value, if any: $ _____Is this amount payable in addition to the face amount? no yes

i) Is coverage in force? no yes

j) When is next premium due?

k) Has employee's coverage under this plan ever been reinstated? no yes

i) If yes, date of reinstatement:

2. SUPPLEMENTAL (OPTIONAL) COVERAGE

a) Insurance Company for SUPPLEMENTAL life insurance coverage:

b) Effective date of SUPPLEMENTAL life insurance coverage

c) Face amount of SUPPLEMENTAL life insurance:

d) Does SUPPLEMENTAL coverage plan have contestable provisions? no yes

e) Is SUPPLEMENTAL coverage subject to a suicide provision? no yes

f) Monthly premium paid by employer/group policyholder for SUPPLEMENTAL life insurance: $

g) Monthly premium paid by employee/insured for SUPPLEMENTAL life insurance: $

h) Is SUPPLEMENTAL life insurance coverage: TERM Universal Life?

i) If Universal Life, please indicate cash value, if any: $ Is this amount payable in addition to the face amount? no yes

i) Is coverage in force? no yes

j) When is next premium due?

k) Has employee's coverage under this policy been reinstated within the last two years?
no yes

i) If yes, date of reinstatement:

3) DISABILITY WAIVER OF PREMIUM

a) Does plan provide for waiver of premium in the event of employee/insured's disability?

BASIC?no yes What is the waiting period?_____

SUPPLEMENTAL? no yes What is the waiting period?_____

b) Are premiums currently being waived under disability premium waiver?

BASIC? no yes

SUPPLEMENTAL? no yes

c) Who pays premiums under disability premium waiver?

BASIC? Insurance carrier Employer

SUPPLEMENTAL? Insurance carrier Employer

d) What was the date of approval?

e) Next review date?

f) If the insured is no longer eligible for waiver, what amount of coverage can be converted to an individual policy? $

i) Will a new suicide/contestability clause be in effect for the converted policy?
no yes

ii) Will assignee be notified if insured is no longer eligible for waiver? no yes

4) BENEFICIARIES, ASSIGNMENTS AND LIMITATIONS

a) Who are the primary beneficiaries of the coverage(s)?

BASIC:

SUPPLEMENTAL:

b) Is any beneficiary under this policy designated irrevocably, or is insured otherwise limited in designation of new beneficiaries? no yes

c) Can this coverage be assigned?

BASIC no yes

If yes, to a corporation? no yes

To someone not related to insured? no yes

SUPPLEMENTAL no yes

If yes, to a corporation? no yes

To someone not related to insured? no yes

d) Do records show any assignments of record? no yes

e) Do records show any outstanding liens or encumbrances of record? no yes

f) The following parties (as applicable) should indicate whether they will provide notice to the assignee if the master policy is terminated.

Group policyholder	no	yes
Third party administrator (if any)	no	yes
Insurance Company	no	yes

g) Can Assignee convert the coverage without the permission of insured? no yes

5) ACCELERATED DEATH BENEFITS

a) Is there an Accelerated Death Benefit available under the coverage?

BASIC no yes

SUPPLEMENTAL no yes

b) Has request for Accelerated Death Benefit been made? no yes

c) Has payment been made to insured under this provision? no yes

i) Amount paid: Date paid:
ii) Is this amount a lien against death proceeds? no yes Interest rate
iii) Can the remaining death benefit be assigned? no yes

6) MISCELLANEOUS

a) Is coverage portable?
BASIC no yes
SUPPLEMENTAL no yes

b) If insured is no longer eligible for coverage under the group, will Assignee be notified? no yes

If master policy discontinues, what amount can be converted to an individual policy? $

Is this plan administered by a third party? no yes

If yes, please provide the name, address and telephone number of administrator:

Name_ _____ Title_____

Company name:_____ Department_____

Street Address:_____
(No P.O. Box, please)
City:_____State_____ZIP_____

Telephone number: (___)_____ Fax: (___)_____

If a change of beneficiary form or assignment were to be made for this coverage, to whom should the completed forms be sent?

Name_ _____ Title_____

Company name:_____ Department_____

Street Address:_____
(No P.O. Box please)
City:_____State_____ZIP_____

Telephone number: (___)_____ Fax: (___)_____

The answers provided reflect information in our files as of _____(date)

Signature_____ Name_____

Date: _____ Title:_____

Company:_____

Direct telephone number :(___)_____Direct fax number: (___)_____

Information not provided by the employer may be obtained from the insurance company if different from administrator above:

Name_ _____ Title_____

Company name:_____ Department_____

Street Address:_____
(No P.O. Box please)
City:_____State_____ZIP_____

Telephone number: (___) _____ Fax: (___)_____
_____

Section Three:

Under the terms of Mississippi Regulation 2000-1 covering insurance company practices, the insurance company or the third party administrator named above is requested to complete the information not provided by the employer in Section Two, above, Items number: _____

The answers provided to the identified questions reflect information in the files of the insurance company as of _____(date)

Signature_____ Name_____

Date: _____ Title:_____

Company:_____

Direct telephone number:(___)_____Direct fax number: (__)_____

Source: *Miss. Code Ann.* § 83-7-219 (Rev. 2011)

Part 2 Chapter 16: (2004-1) Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits.

Rule 16.01: Authority

This regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted to him in Miss. Code Ann§ 83-7-23 (Rev. 1999) and § 83-7-25(Rev. 1999); as well as the provisions of the Mississippi Department of InsuranceRegulation No. 88-101, said regulation being the Rules of Practice and Proceduresbefore the Mississippi Insurance Department.

Source: *Miss. Code Ann.* § 83-7-23 (Rev. 2011) and § 83-7-25(Rev. 2011)

Rule 16.02: Purpose

The purpose of this regulation is to recognize, permit and prescribe the use of the 2001Commissioners Standard Ordinary (CSO) Mortality Table in accordance with Miss. Code Ann.§§83-7-23(3)(a)(iii) and 83-7-25 (5-c)(h)(vi).

Source: *Miss. Code Ann*. §§83-7-23(3)(a)(iii) (Rev. 2011) and 83-7-25 (5-c)(h)(vi) (Rev. 2011)

Rule 16.03: Definitions

A. "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by theAmerican Academy of Actuaries CSO Task Force from the ValuationBasic Mortality Table developed by the Society of Actuaries IndividualLife Insurance Valuation Mortality Task Force, and adopted by theNAIC in December 2002. The 2001 CSO Mortality Table is included inthe Proceedings of the NAIC (2nd Quarter 2002). Unless the contextindicates otherwise, the "2001 CSO Mortality Table" includes both the

B. ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and thecomposite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables.

C. "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.

D. "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.

E. "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

F. "Smoker and nonsmoker mortality tables" means mortality tables withseparate rates of mortality for smokers and nonsmokers.

Source: *Miss. Code Ann*. §§83-7-23(3)(a)(iii) (Rev. 2011); 83-7-25 (5-c)(h)(vi) (Rev. 2011)

Rule 16.04: 2001 CSO Mortality Table

A. At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this regulation, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after August 1, 2004, and before the date specified in Subsection B to which Miss. Code Ann. §§ 83-7-23 and 83-7-25 are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.

B. Subject to the conditions stated in this regulation, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009, to which Miss. Code Ann. §§ 83-7-23 and 83-7-25 are applicable.

Source: *Miss. Code Ann.* §§ 83-7-23; 83-7-25 (Rev. 2011)

Rule 16.05: Conditions

A. For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:

1. Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

2. Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Miss. Code Ann.§ 83-7-23 and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or

3. Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

B. For plans of insurance without separate rates for smoker and nonsmokers the composite mortality tables shall be used.

C. For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form.

D. When the 2001 Mortality Table is the minimum reserve standard for any plan for a company, there shall be included on or attached to Page 1 of the annual statement for each year beginning with the year in which this regulation becomes effective the statement of an appointed actuary, entitled “Statement of Actuarial Opinion,” setting forth an opinion relating to reserves and related actuarial items held in support of policies

and contracts. The Commissioner may exempt a company from this requirement if it only does business in this state and in no other state.

Source: *Miss. Code Ann.* §§ 83-7-23; 83-7-25 (Rev. 2011)

Rule 16.06: Gender-Blended Tables

A. For any ordinary life insurance policy delivered or issued for delivery in this state on and after August 1, 2004, that utilizes the same premium rates and charges for male and female lives or is issued in circumstances where applicable law does not permit distinctions on the basis of gender, a mortality table that is a blend of the 2001 CSO Mortality Table (M) and the 2001 CSO Mortality Table (F) may, at the option of the company for each plan of insurance, be substituted for the 2001 CSO Mortality Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits. No change in minimum valuation standards is implied by this subsection of the regulation.

B. The company may choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force and adopted by the NAIC in December 2002.

C. It shall not, in and of itself, be a violation of Miss Code Ann. § 83-5-35(Supp. 2003) for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

Source: *Miss. Code Ann.* §§ 83-7-23; 83-7-25 (Rev. 2011)

Rule 16.07: Separability

If any provision of this regulation or its application to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of the provision to other persons or circumstances shall not be affected.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 16.08: Effective Date

The effective date of this regulation is August 1, 2004.

Source: *Miss. Code Ann.* § 24-43-3.113 (Rev. 2010)

Part 2 Chapter 17: (2008-3) Actuarial Opinion and Memorandum**.**

Rule 17.01: Purpose

The purpose of this regulation is to prescribe:

A. Requirements for statements of actuarial opinion that are to be submitted in accordance with Miss.Code Ann§ 83-7-23 and for memoranda in support thereof;

B. Rules applicable to the appointment of an appointed actuary; and

C. Guidance as to the meaning of "adequacy of reserves."

This regulation will take effect for annual statements for the year 2008.

Source: *Miss. Code Ann.* § 83-7-23 (Rev. 2011)

Rule 17.02: Authority

This regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted to him by Miss. Code Ann§ 83-7-23 (Rev. 1999), as well as the provisions of Mississippi Department of Insurance Regulation No. 88-101, said regulation being the Rules of Practice and Procedure before the Mississippi Insurance Department.

Source: *Miss. Code Ann.* § 83-7-23 (Rev. 2011)

Rule 17.03: Scope

This regulation shall apply to all life insurance companies and fraternal benefit societies doing business in the State and to all life insurance companies and fraternal benefit societies that are authorized to reinsure life insurance, annuities or accident and health insurance business in this State. This regulation shall be applied in a manner that allows the appointed actuary to utilize his or her professional judgment in performing the asset analysis and developing the actuarial opinion and supporting memoranda, consistent with relevant actuarial standards of practice. However, the commissioner shall have the authority to specify specific methods of actuarial analysis and actuarial assumptions when, in the commissioner's judgment, these specifications are necessary for an acceptable opinion to be rendered relative to the adequacy of reserves and related items.

This regulation shall be applicable to all annual statements filed with the office of thecommissioner after the effective date of this regulation. A statement of opinion on theadequacy of the reserves and related actuarial items based on an asset adequacy analysisin accordance with Section 6 of this regulation, and a memorandum in support thereof in accordance with Section 7 of this regulation, shall be required each year.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23 (Rev. 2011)

Rule 17.04: Definitions

A. "Actuarial Opinion" means the opinion of an appointed actuary regarding the adequacy of the reserves and related actuarial items based on an asset adequacy analysis in

accordance with Section 6 of this regulation and with applicable Actuarial Standards of Practice.

B. "Actuarial Standards Board" means the board established by the AmericanAcademy of Actuaries to develop and promulgate standards of actuarial practice.

C. "Annual statement" means that statement required by Miss. Code Ann. § 83-5-55 to be filed by the company with the office of the commissioner annually.

D. "Appointed actuary" means an individual who is appointed or retained in accordance with the requirements set forth in Section 5C of this regulation to provide the actuarial opinion and supporting memorandum as required by Miss. Code Ann. § 83-7-23.

E. "Asset adequacy analysis" means an analysis that meets the standards and other requirements referred to in Section 5D of this regulation.

F. "Commissioner" means the Insurance Commissioner of this State.

G. "Company" means a life insurance company, fraternal benefit society or reinsurer subject to the provisions of this regulation.

H. "Qualified actuary" means an individual who meets the requirements set forth in Section 5B of this regulation.

Source:*Miss. Code Ann.* § 83-7-23 (Rev. 2011)

Rule 17.05: General Requirements

A. Submission of Statement of Actuarial Opinion

1. There is to be included on or attached to Page 1 of the annual statement for each year beginning with the year in which this regulation becomes effective the statement of an appointed actuary, entitled "Statement of Actuarial Opinion," setting forth an opinion relating to reserves and related actuarial items held in support of policies and contracts, in accordance with Section 6 of this regulation.

2. Upon written request by the company, the commissioner may grant an extension of the date for submission of the statement of actuarial opinion.

B. Qualified Actuary. A "qualified actuary" is an individual who:

1. Is a member in good standing of the American Academy of Actuaries;

2. Is qualified to sign statements of actuarial opinion for life and health insurance company annual statements in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements;

3. Is familiar with the valuation requirements applicable to life and health insurance companies;

4. Has not been found by the commissioner (or if so found has subsequently been reinstated as a qualified actuary), following appropriate notice and hearing to have:

    a. Violated any provision of, or any obligation imposed by, the Insurance Law or other law in the course of his or her dealings as a qualified actuary;

    b. Been found guilty of fraudulent or dishonest practices;

    c. Demonstrated his or her incompetency, lack of cooperation, or untrustworthiness to act as a qualified actuary;

    d. Submitted to the commissioner during the past five (5) years, pursuant to this regulation, an actuarial opinion or memorandum that the commissioner rejected because it did not meet the provisions of this regulation including standards set by the Actuarial Standards Board; or

    e. Resigned or been removed as an actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards; and

5. Has not failed to notify the commissioner of any action taken by any commissioner of any other state similar to that under Paragraph (4) above.

C. Appointed Actuary

An "appointed actuary" is a qualified actuary who is appointed or retained to prepare the Statement of Actuarial Opinion required by this regulation, either directly by or by the authority of the board of directors through an executive officer of the company other than the qualified actuary. The company shall give the commissioner timely written notice of the name, title (and, in the case of a consulting actuary, the name of the firm) and manner of appointment or retention of each person appointed or retained by the company as an appointed actuary and shall state in the notice that the person meets the requirements set forth in Subsection B. Once notice is furnished, no further notice is required with respect to this person, provided that the company shall give the commissioner timely written notice in the event the actuary pleases to be appointed or retained as an appointed actuary or to meet the requirements set forth in Subsection B. If any person appointed or retained as an appointed actuary replaces a previously appointed actuary, the notice shall so state and give the reasons for replacement.

D. Standards for Asset Adequacy Analysis

The asset adequacy analysis required by this regulation:

1 Shall conform to the Standards of Practice as promulgated from time to time by the Actuarial Standards Board and on any additional standards under this regulation, which standards are to form the basis of the statement of actuarial opinion in accordance with this regulation; and

2. Shall be based on methods of analysis as are deemed appropriate for such purposes by the Actuarial Standards Board.

E. Liabilities to be Covered

1. Under authority of Miss. Code Ann § 83-7-23, the statement of actuarial opinion shall apply to all in force business on the statement date, whether directly issued or assumed, regardless of when or where issued, e.g., reserves of Exhibits 8, 9 and 10, and claim liabilities in Exhibit 11, Part 1 and equivalent items in the separate account statement or statements.

2. If the appointed actuary determines as the result of asset adequacy analysis that a reserve should be held in addition to the aggregate reserve held by the company and calculated in accordance with methods set forth in the Standard Valuation Law, the company shall establish the additional reserve.

3. Additional reserves established under Paragraph (2) above and deemed not necessary in subsequent years may be released. Any amounts released shall be disclosed in the actuarial opinion for the applicable year. The release of such reserves would no be deemed an adoption of a lower standard of valuation.

Source: *Miss. Code Ann.* § 83-7-23 (Rev. 2011)

Rule 17.06: Statement of Actuarial Opinion Based On an Asset Adequacy Analysis

A. General Description

The statement of actuarial opinion submitted in accordance with this section shall consist of:

1. A paragraph identifying the appointed actuary and his or her qualifications (see Subsection B(1));

2. A scope paragraph identifying the subjects on which an opinion is to be expressed and describing the scope of the appointed actuary's work, including a tabulation delineating the reserves and related actuarial items that have been analyzed for asset adequacy and the method of analysis, (see Subsection B(2)) and identifying the reserves and related actuarial items covered by the opinion that have not been analyzed;

3. A reliance paragraph describing those areas, if any, where the appointed actuary has deferred to other experts in developing data, procedures or assumptions, (e.g., anticipated cash flows from currently owned assets, including variation in cash flows according to economic scenarios (see Subsection B(3), supported by a statement of each such expert in the form prescribed by Subsection E; and

4. An opinion paragraph expressing the appointed actuary's opinion with respect to the adequacy of the supporting assets to mature the liabilities (see Subsection B(6)).

5. One or more additional paragraphs will be needed in individual company cases as follows:

    a. If the appointed actuary considers it necessary to state a qualification of his or her opinion;

    b. If the appointed actuary must disclose an inconsistency in the method of analysis or basis of asset allocation used at the prior opinion date with that used for this opinion;

    c. If the appointed actuary must disclose whether additional reserves as of the prior opinion date are released as of this opinion date, and the extent of the release;

    d. If the appointed actuary chooses to add a paragraph briefly describing the assumptions that form the basis for the actuarial opinion.

B. Recommended Language

The following paragraphs are to be included in the statement of actuarial opinion in accordance with this section. Language is that which in typical circumstances should be included in a statement of actuarial opinion. The language may be modified as needed to meet the circumstances of a particular case, but the appointed actuary should use language that clearly expresses his or her professional judgment. However, in any event the opinion shall retain all pertinent aspects of the language provided in this section.

1. The opening paragraph should generally indicate the appointed actuary's relationship to the company and his or her qualifications to sign the opinion. For a company actuary, the opening paragraph of the actuarial opinion should include a statement such as:

    "I, [name], am [title] of [insurance company name] and a member of the American Academy of Actuaries. I was appointed by, or by the authority of, the Board of Directors of said insurer to render this opinion as stated in the letter to the commissioner dated [insert date]. I meet the Academy qualification standards

for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies."

For a consulting actuary, the opening paragraph should include a statement such as:

"I, [name], a member of the American Academy of Actuaries, am associated with the firm of [name of consulting firm]. I have been appointed by, or by the authority of, the Board of Directors of [name of company] to render this opinion as stated in the letter to the commissioner dated [insert date]. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies."

2. The scope paragraph should include a statement such as:

"I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, 20[ ]. Tabulated below are those reserves and related actuarial items which have been subjected to asset adequacy analysis.

Asset Adequacy Tested Amounts—Reserves and Liabilities					
Statement Item	Formula Reserves (1)	Additional Actuarial Reserves (a) (2)	Analysis Method (b)	Other Amount (3)	Total Amount (1)+(2)+(3) (4)
Exhibit 8					
A. Life Insurance					
B Annuities					
C. Supplementary Contracts Involving Life Contingencies					
D. Accidental Death Benefit					

E. Disability – Active					
F. Disability - Disabled					
G. Miscellaneous					
Total (Exhibit 8, Item 1, Page 3)					
Exhibit 9					
A. Active Life Reserve					
B. Claim Reserve					
Total (Exhibit 9, Item 2, Page 3)					
Exhibit 10					
Premium and Other Deposit Funds (Column 5, Line 14)					
Guaranteed Interest Contracts (Column 2, Line 14)					
Other (Column 6, Line 14)					
Supplemental Contracts and Annuities Certain (Column 3, Line 14)					
Dividend Accumulations or Refunds (Column 4, Line 14)					
Total (Exhibit 10, Column 1, Line 14)					
Exhibit 11 Part 1					
Life (Page 3, Line 4.1)					
Health (Page 3, Line 4.2)					
Total (Exhibit 11, Part 1)					
Separate Accounts (Page 3 of the Annual Statement of the Separate Accounts, Lines 1, 2, 3.1, 3.2, 3.3)					
Total Reserves					

IMR (General Account, Page ____Line_____)	
(Separate Accounts, Page ____ Line ____)	
AVR (Page ____ Line ____)	(c)

Net Deferred and Uncollected Premium	

a. Notes:

i. The additional actuarial reserves are the reserves established under Paragraph (2) of Section 5E.

ii. The appointed actuary should indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in Section 5D of this regulation, by means of symbols that should be defined in footnotes to the table.

3. Allocated amount of Asset Valuation Reserve (AVR).

a. If the appointed actuary has relied on other experts to develop certain portions of the analysis, the reliance paragraph should include a statement such as:

"I have relied on [name], [title] for [e.g., "anticipated cash flows from currentlyowned assets, including variations in cash flows according to economic scenarios" or "certain critical aspects of the analysis performed in conjunction with forming my opinion"], as certified in the attached statement. I have reviewedthe information relied upon for reasonableness."

A statement of reliance on other experts should be accompanied by a statementby each of the experts in the form prescribed by Section 6E.

b. If the appointed actuary has examined the underlying asset and liability records, the reliance paragraph should include a statement such as:

"My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic asset and liability records to [exhibits and schedules listed as applicable] of the company's current annual statement."

c. If the appointed actuary has not examined the underlying records, but has relied upon data (e.g., listings and summaries of policies in force or asset records) prepared by the company, the reliance paragraph should include a statement such as:

"In forming my opinion on [specify types of reserves] I relied upon data prepared by [name and title of company officer certifying in force records or other data] ascertified in the attached statements. I evaluated that data

for reasonableness and consistency. I also reconciled that data to [exhibits and schedules to be listed as applicable] of the company's current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary."

The section shall be accompanied by a statement by each person relied upon in the form prescribed by Subsection E.

d. The opinion paragraph should include a statement such as:

"In my opinion the reserves and related actuarial values concerning the statement items identified above:

i. Are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles;

ii. Are based on actuarial assumptions that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;

iii. Meet the requirements of the insurance laws and regulations of the state of [state of domicile]; and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;

iv. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end (with any exceptions noted below); and

v. Include provision for all actuarial reserves and related statement items which ought to be established.

The reserves and related items, when considered in light of the assets held by the company with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on the assets, and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision, according to presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company. (At the discretion of the commissioner, this language may be omitted for an opinion filed on behalf of a company doing business only in this state and in no other state.)

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

This opinion is updated annually as required by statute. To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion which should be considered in reviewing this opinion.

or

The following material changes which occurred between the date of the statement for which this opinion is applicable and the date of this opinion should be considered in reviewing this opinion: (Describe the change or changes.)

Note: Choose one of the above two paragraphs, whichever is applicable.

The impact of unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion. The analysis of asset adequacy portion of this opinion should be viewed recognizing that the company's future experience may not follow all the assumptions used in the analysis.

_____

Signature of Appointed Actuary

_____

Address of Appointed Actuary

_____

Telephone Number of Appointed Actuary

_____

Date"

C. Assumptions for New Issues

The adoption for new issues or new claims or other new liabilities of an actuarial assumption that differs from a corresponding assumption used for prior new issues or new claims or other new liabilities is not a change in actuarial assumptions within the meaning of this Section 6.

D. Adverse Opinions

If the appointed actuary is unable to form an opinion, then he or she shall refuse to issue a statement of actuarial opinion. If the appointed actuary's opinion is adverse or qualified, then he or she shall issue an adverse or qualified actuarial opinion explicitly stating the reasons for the opinion. This statement should follow the scope paragraph and precede the opinion paragraph.

E. Reliance on Information Furnished by Other Persons

If the appointed actuary relies on the certification of others on matters concerning the accuracy or completeness of any data underlying the actuarial opinion, or the appropriateness of any other information used by the appointed actuary in forming the actuarial opinion, the actuarial opinion should so indicate the persons the actuary is relying upon and a precise identification of the items subject to reliance. In addition, the persons on whom the appointed actuary relies shall provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification shall include the signature, title, company, address and telephone number of the person rendering the certification, as well as the date on which it is signed.

F. Alternate Option

1. The Standard Valuation Law gives the commissioner broad authority to accept the valuation of a foreign insurer when that valuation meets the requirements applicable to a company domiciled in this state in the aggregate. As an alternative to the requirements of Subsection B(6)(c), the commissioner may make one or more of the following additional approaches available to the opining actuary:

    a. A statement that the reserves "meet the requirements of the insurance laws and regulations of the State of [state of domicile] and the formal written standards and conditions of this state for filing an opinion based on the law of the state of domicile." If the commissioner chooses to allow this alternative, a formal written list of standards and conditions shall be made available. If a company chooses to use this alternative, the standards and conditions in effect on July 1 of a calendar year shall apply to statements for that calendar year, and they shall remain in effect until they are revised or revoked. If no list is available, this alternative is not available.

    b. A statement that the reserves "meet the requirements of the insurance laws and regulations of the State of [state of domicile] and I have verified that the company's request to file an opinion based on the law of the state of domicile has been approved and that any conditions required by the commissioner for approval of that request have been met." If the commissioner chooses to allow this alternative, a formal written statement of such allowance shall be issued no later than March 31 of the year it is first effective. It shall remain valid until rescinded or modified by the commissioner. The rescission or modifications shall be issued no later than March 31 of the year they are first effective. Subsequent to that statement being issued, if a company chooses to use this alternative, the company shall file a request to do so, along with justification for its use, no later than April 30 of the year of the opinion to be filed. The request shall be deemed approved on October 1 of that year if the commissioner has not denied the request by that date.

c. A statement that the reserves "meet the requirements of the insurance laws and regulations of the State of [state of domicile] and I have submitted the required comparison as specified by this state."

i. If the commissioner chooses to allow this alternative, a formal written list of products (to be added to the table in Item (ii) below) for which the required comparison shall be provided will be published. If a company chooses to use this alternative, the list in effect on July 1 of a calendar year shall apply to statements for that calendar year, and it shall remain in effect until it is revised or revoked. If no list is available, this alternative is not available.

ii. If a company desires to use this alternative, the appointed actuary shall provide a comparison of the gross nationwide reserves held to the gross nationwide reserves that would be held under NAIC codification standards. Gross nationwide reserves are the total reserves calculated for the total company in force business directly sold and assumed, indifferent to the state in which the risk resides, without reduction for reinsurance ceded. The information provided shall be at least:

Product Type	(2) Death Benefit or Account Value	(3) Reserves Held	(4) Codification Reserves	(5) Codification Standard

iii. The information listed shall include all products identified by eitherthe state of filing or any other states subscribing to this alternative.

iv. If there is no codification standard for the type of product or risk in force or if the codification standard does not directly address the type of product or risk in force, the appointed actuary shall provide detailed disclosure of the specific method and assumptions used in determining the reserves held.

v. The comparison provided by the company is to be kept confidential to the same extent and under the same conditions as the actuarial memorandum.

2. Notwithstanding the above, the commissioner may reject an opinion based on the laws and regulations of the state of domicile and require an opinion based on the laws of this state. If a company is unable to provide the opinion within sixty (60) days of the request or such other period of time determined by the commissioner

after consultation with the company, the commissioner may contract an independent actuary at the company's expense to prepare and file the opinion.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23 (Rev. 2011)

Rule 17.07: Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary

A. General

1. In accordance with Miss. Code Ann. § 83-7-23, the appointed actuary shall prepare a memorandum to the company describing the analysis done in support of his or her opinion regarding the reserves. The memorandum shall be made available for examination by the commissioner upon his or her request but shall be returned to the company after such examination and shall not be considered a record of the insurance department or subject to automatic filing with the commissioner.
2. In preparing the memorandum, the appointed actuary may rely on, and include as a part of his or her own memorandum, memoranda prepared and signed by other actuaries who are qualified within the meaning of Section 5B of this regulation, with respect to the areas covered in such memoranda, and so state in their memoranda.
3. If the commissioner requests a memorandum and no such memorandum exists or if the commissioner finds that the analysis described in the memorandum fails to meet the standards of the Actuarial Standards Board or the standards and requirements of this regulation, the commissioner may designate a qualified actuary to review the opinion and prepare such supporting memorandum as is required for review. The reasonable and necessary expense of the independent review shall be paid by the company but shall be directed and controlled by the commissioner.

4. The reviewing actuary shall have the same status as an examiner for purposes of obtaining data from the company and the work papers and documentation of the reviewing actuary shall be retained by the commissioner; provided, however, that any information provided by the company to the reviewing actuary and included in the work papers shall be considered as material provided by the company to the commissioner and shall be kept confidential to the same extent as is prescribed by law with respect to other material provided by the company to the commissioner pursuant to the statute governing this regulation. The reviewing actuary shall not be an employee of a consulting firm involved with the preparation of any prior memorandum or opinion for the insurer pursuant to this regulation for any one of the current year or the preceding three (3) years.

5. In accordance with Miss. Code Ann. § 83-7-23, the appointed actuary shall prepare a regulatory asset adequacy issues summary, the contents of which are specified in Subsection C. The regulatory asset adequacy issues summary will be submitted no later than March 15 of the year following the year for which a

statement of actuarial opinion based on asset adequacy is required. The regulatory asset adequacy issues summary is to be kept confidential to the same extent and under the same conditions as the actuarial memorandum.

B. Details of the Memorandum Section Documenting Asset Adequacy Analysis

When an actuarial opinion is provided, the memorandum shall demonstrate that the analysis has been done in accordance with the standards for asset adequacy referred to in Section 5D of this regulation and any additional standards under this regulation. It shall specify:

1. For reserves:
    a. Product descriptions including market description, underwriting and other aspects of a risk profile and the specific risks the appointed actuary deems significant;
    a. Source of liability in force;
    b. Reserve method and basis;
    c. Investment reserves;
    d. Reinsurance arrangements;
    e. Identification of any explicit or implied guarantees made by the general account in support of benefits provided through a separate account or under a separate account policy or contract and the methods used by the appointed actuary to provide for the guarantees in the asset adequacy analysis;
    f. Documentation of assumptions to test reserves for the following:
        i. Lapse rates (both base and excess);
        ii. Interest crediting rate strategy;
        iii. Mortality;
        iv. Policyholder dividend strategy;
        v. Competitor or market interest rate;
        vi. Annuitization rates;
        vii. Commissions and expenses; and
        viii. Morbidity.

    The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions.

2. For assets:
    a. Portfolio descriptions, including a risk profile disclosing the quality, distribution and types of assets;
    b. Investment and disinvestment assumptions;
    c. Source of asset data;
    d. Asset valuation bases; and
    e. Documentation of assumptions made for:
        i. Default costs;
        ii. Bond call function;
        iii. Mortgage prepayment function;

iv. Determining market value for assets sold due to disinvestment strategy; and
v. Determining yield on assets acquired through the investment strategy.

The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions.

3. For the analysis basis:
    a. Methodology;
    b. Rationale for inclusion or exclusion of different blocks of business and how pertinent risks were analyzed;
    c. Rationale for degree of rigor in analyzing different blocks of business (include in the rationale the level of "materiality" that was used in determining how rigorously to analyze different blocks of business);
    d. Criteria for determining asset adequacy (include in the criteria the precise basis for determining if assets are adequate to cover reserves under "moderately adverse conditions" or other conditions as specified in relevant actuarial standards of practice); and
    e. Whether the impact of federal income taxes was considered and the method of treating reinsurance in the asset adequacy analysis;
4. Summary of material changes in methods, procedures, or assumptions from prior year's asset adequacy analysis;
5. Summary of results; and
6. Conclusions.

C. Details of the Regulatory Asset Adequacy Issues Summary

1. The regulatory asset adequacy issues summary shall include:
    a. Descriptions of the scenarios tested (including whether those scenarios are stochastic or deterministic) and the sensitivity testing done relative to those scenarios. If negative ending surplus results under certain tests in the aggregate, the actuary should describe those tests and the amount of additional reserve as of the valuation date which, if held, would eliminate the negative aggregate surplus values. Ending surplus values shall be determined by either extending the projection period until the in force and associated assets and liabilities at the end of the projection period are immaterial or by adjusting the surplus amount at the end of the projection period by an amount that appropriately estimates the value that can reasonably be expected to arise from the assets and liabilities remaining in force.
    b. The extent to which the appointed actuary uses assumptions in the asset adequacy analysis that are materially different than the assumptions used in the previous asset adequacy analysis;

c. The amount of reserves and the identity of the product lines that had been subjected to asset adequacy analysis in the prior opinion but were not subject to analysis for the current opinion;
d. Comments on any interim results that may be of significant concern to the appointed actuary;
e. The methods used by the actuary to recognize the impact of reinsurance on the company's cash flows, including both assets and liabilities, under each of the scenarios tested; and
f. Whether the actuary has been satisfied that all options whether explicit or embedded, in any asset or liability (including but not limited to those affecting cash flows embedded in fixed income securities) and equity-like features in any investments have been appropriately considered in the asset adequacy analysis.

2. The regulatory asset adequacy issues summary shall contain the name of the company for which the regulatory asset adequacy issues summary is being supplied and shall be signed and dated by the appointed actuary rendering the actuarial opinion.

D. Conformity to Standards of Practice

The memorandum shall include a statement:

"Actuarial methods, considerations and analyses used in the preparation of this memorandum conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis for this memorandum."

E. Use of Assets Supporting the Interest Maintenance Reserve and the Asset Valuation Reserve

An appropriate allocation of assets in the amount of the interest maintenance reserve (IMR), whether positive or negative, shall be used in any asset adequacy analysis. Analysis of risks regarding asset default may include an appropriate allocation of assets supporting the asset valuation reserve (AVR); these AVR assets may not be applied for any other risks with respect to reserve adequacy. Analysis of these and other risks may include assets supporting other mandatory or voluntary reserves available to the extent not used for risk analysis and reserve support.

The amount of the assets used for the AVR shall be disclosed in the table of reserves and liabilities of the opinion and in the memorandum. The method used for selecting particular assets or allocated portions of assets shall be disclosed in the memorandum.

F. Documentation

The appointed actuary shall retain on file, for at least seven (7) years, sufficient documentation so that it will be possible to determine the procedures followed, the analyses performed, the bases for assumptions and the results obtained.

Source: *Miss. Code Ann.* § 83-7-23 (Rev. 2011)

Rule 17.08: Repeal of Regulation 96-104

Regulation 96-104 is hereby repealed and replaced by this regulation.

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23 (Rev. 2011)

Rule 17.09: Severability

If any section or portion of a section of this regulation or the application thereof is held by a court to be invalid, such invalidity shall not affect any other provision of that section or application of the regulation which can be given effect without the invalid provision or application, and to this end the provisions of the regulation are declared to be severable.

Source: *Miss. Code Ann.* § 83-5-1 (Rev. 2011)

Rule 17.10: Effective Date

The Effective Date of this regulation shall be December 31, 2008.

Source: *Miss. Code Ann.* § 25-43-3.113 (Rev. 2011)

Part 2 Chapter 18: Suitability in Annuity Transactions Regulation. (2/11/2013)

Rule 18.01 Purpose

A. The purpose of this regulation is to require producers, as defined in this regulation, to act in the best interest of the consumer when making a recommendation of an annuity and to require insurers to establish a system to supervise recommendations to set forth standards and procedures for recommendations to consumers that result in transactions involving annuity products so that the insurance needs and financial objectives of consumers at the time of the transaction are appropriately addressed.

B. Nothing herein shall be construed to create or imply a private cause of action for a violation of this regulation or to subject a producer to civil liability under the best interest standard of care outlined in Rule 18.06 of this regulation or under standards governing the conduct of a fiduciary or a fiduciary relationship.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.02. Scope

This regulation shall apply to any sale or recommendation of an annuity.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.03. Authority

This regulation is issued under the authority of Miss. Code Ann. §§83-5-29 through 83-5-51.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.04. Exemptions

Unless otherwise specifically included, this regulation shall not apply to recommendations involving:

A. Direct response solicitations where there is no recommendation based on information collected from the consumer pursuant to this regulation;

B. Contracts used to fund:

(1) An employee pension or welfare benefit plan that is covered by the Employee Retirement and Income Security Act (ERISA);

(2) A plan described by Sections 401(a), 401(k), 403(b), 408(k) or 408(p) of the Internal Revenue Code (IRC), as amended, if established or maintained by an employer;

(3) A government or church plan defined in Section 414 of the IRC, a government 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 IRC;

(4) A nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor;

C. Settlements of or assumptions of liabilities associated with personal injury litigation or any dispute or claim resolution process; or

D. Formal prepaid funeral contracts.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.05. Definitions

A. "Annuity" means an annuity that is an insurance product under State law that is individually solicited, whether the product is classified as an individual or group annuity.

B. "Cash compensation" means any discount, concession, fee, service fee, commission, sales, charge, loan, override, or cash benefit received by a producer in connection with the recommendation or sale of an annuity from an insurer, intermediary, or directly from the consumer.

C. "Consumer profile information" means information that is reasonably appropriate to determine whether a recommendation addresses the consumer's financial situation, insurance needs and financial objectives, including, at a minimum, the following:

(1) Age;

(2) Actual income;

(3) Financial situation and needs, including debts and other obligations;

(4) Financial experience;

(5) Insurance needs;

(6) Financial objectives;

(7) Intended use of the annuity;

(8) Financial time horizon;

(9) Existing assets or financial products, including investment, annuity and insurance holdings;

(10) Liquidity needs;

(11) Liquid net worth;

(12) Risk tolerance, including but not limited to, willingness to accept non-guaranteed elements in the annuity;

(13) Financial resources used to fund the annuity; and

(14) Tax status.

D. "Continuing Education credit hour" or "CE credit hour" means one hour of continuing education credit as defined in *Miss. Code Ann*. §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, *Miss. Code Ann*. § 83-17-513.

E. "Continuing Education provider" or CE provider" means an individual or entity that is approved to offer continuing education courses pursuant to *Miss. Code Ann*. §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, *Miss. Code Ann.* § 83-17-513.

F. "FINRA" means the Financial Industry Regulatory Authority or a succeeding agency.

G. "Insurer" means a company required to be licensed under the laws of this state to provide insurance products, including annuities.

H. "Intermediary" means an entity contracted directly with an insurer or with another entity contracted with an insurer to facilitate the sale of the insurer's annuities by producers.

I. (1) "Material conflict of interest" means a financial interest of the producer in the sale of any annuity that a reasonable person would expect to influence the impartiality of a recommendation.

(2) "Material conflict of interest" does not include cash compensation or non-cash compensation.

J. "Non-cash compensation" means any form of compensation that is not cash compensation, including, but not limited to, health insurance, office rent, office support and retirement benefits.

K. "Non-guaranteed elements" means the premiums, credited interest rates (including any bonus), benefits, values, dividends, non-interest based credits, charges or elements of formula used to determine any of these, that are subject to company discretion and are not guaranteed at issue. An element is considered non-guaranteed if any of the underlying non-guaranteed elements are used in its calculations.

L. "Producer" means a person or entity required to be licensed under the laws of this state to sell, solicit or negotiate insurance, including annuities. For purposes of this regulation, "producer" includes an insurer where no producer is involved.

M. (1) "Recommendation" means advice provided by a producer to an individual consumer that was intended to result or does result in a purchase, exchange or replacement of an annuity in accordance with that advice.

(2) Recommendation does not include general communication to the public, generalized customer services assistance or administrative support, general educational information and tools, prospectuses, or other product and sales material.

N. "Replacement" means a transaction in which a new annuity is to be purchased, and it is known or should be known to the proposing producer, or to the proposing insurer whether or not a producer is involved, that by reason of the transaction, an existing annuity or other insurance policy has been or is to be any of the following:

(1) Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;

(2) Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;

(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;

(4) Reissued with any reduction in cash value; or

(5) Used in a financed purchase.

O. "SEC" means the United States Securities and Exchange Commission.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.06. Duties of Insurers and Producers

A. Best Interest Obligations. A producer, when making a recommendation of an annuity, shall act in the best interest of the consumer under the circumstances known at the time the recommendation is made without placing the producer's or the insurer's financial interest ahead of the consumer's interest. A producer has acted in the best interest of the consumer if they have satisfied the following obligations regarding care, disclosure, conflict of interest and documentation:

(1)

(a) Care Obligation. The producer, in making a recommendation shall exercise reasonable diligence, care and skill to:

(i) Know the consumer's financial situation, insurance needs and financial objectives:

(ii) Understand the available recommendation options after making a reasonable inquiry into options available to the producer;

(iii) Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs and financial objectives over the life of the product, as evaluated in light of the consumer profile information; and

(iv) Communicate the basis or bases of the recommendation.

(b) The requirements under Subparagraph (a) of this paragraph include making reasonable efforts to obtain consumer profile information from the consumer prior to the recommendation of annuity.

(c) The requirements under Subparagraph (a) of this paragraph require a producer to consider the types of produces the producer is authorized and licensed to recommend or sell that address the consumer's financial situation, insurance needs and financial objectives. This does not require analysis or consideration of any product outside the authority and license of the producer or other possible alternative products or strategies available in the market at the time of the recommendation. Producers shall be held to standards applicable to producers with similar authority and licensure.

(d) The requirements under this subsection do not create a fiduciary obligation or relationship and only create a regulatory obligation as established in this regulation.

(e) The consumer profile information, characteristics of the insurer, and product costs, rates, benefits and features are those factors generally relevant in making a determination whether an annuity effectively addresses the consumer's financial situation, insurance needs and financial objectives, but the level of importance of each factor under the care obligation of this paragraph may vary depending on the facts and circumstances of a particular case. However, each factor may not be considered in isolation.

(f) The requirements under Subparagraph (a) of this paragraph include having a reasonable basis to believe the consumer would benefit from certain features of the annuity, such as annuitization, death or living benefit or other insurance-related features.

(g) The requirements under Subparagraph (a) of this paragraph apply to the particular annuity as a whole and the underlying subaccounts to which funds are allocated at the time of purchase or exchange of an annuity, and riders and similar producer enhancements, if any.

(h) The requirements under Subparagraph (a) of this paragraph do not mean the annuity with the lowest one-time or multiple-occurrence compensation structure shall necessarily be recommended.

(i) The requirements under Subparagraph (a) of this paragraph do not mean the producer has ongoing monitoring obligations under the care obligation under this paragraph, although such an obligation may be separately owed under the terms of a fiduciary, consulting, investment advising or financial planning agreement between the consumer and the producer.

(j) In the case of an exchange or replacement of an annuity, the producer shall consider the whole transaction, which includes taking into consideration whether:

(i) The consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, such as death, living or other contractual benefits, or be subject to increased fees, investment advisory fees or charges for riders and similar product enhancements;

(ii) The replacing ~~producer~~ product would substantially benefit the consumer in comparison to the replaced product over the life of the product, and

(iii) The consumer has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 60 months.

(k) Nothing in this regulation should be construed to require a producer to obtain any license other than a producer license with the appropriate line of authority to sell, solicit or negotiate insurance in this state, including but not limited to any securities license, in order to fulfill the duties and obligations contained in this regulation, provided the producer does not give advice or provide services that are otherwise subject to securities law or engage in any other activity requiring other professional licenses.

(2) Disclosure obligation

(a) Prior to the recommendation or sale of an annuity, the producer shall prominently disclose to the consumer on a form substantially similar to Appendix A:

(i) A description of the scope and terms of the relationship with the consumer and the role of the producer in the transaction;

(ii) An affirmative statement on whether the producer is licensed and authorized to sell the following products:

(I) Fixed annuities;

(II) Fixed indexed annuities;

(III) Variable annuities;

(IV) Life insurance;

(V) Mutual funds;

(VI) Stocks and bonds, and

(VII) Certificates of deposit;

(iii) An affirmative statement describing the insurers the producer is authorized, contracted (or appointed), or otherwise able to sell insurance products for, using the following descriptions:

(I) From one insurer;

(II) From two or more insurers, or

(III) From two or more insurers although primarily contracted with one insurer.

(iv) A description of the sources and types of cash compensation and non-cash compensation to be received by the producer, including whether the producer is to be compensated for the sale of a recommended annuity by commission as part of premium or other remuneration received from the ~~re~~insurer, intermediary or other producer or by fee as a result of a contract for advice or consulting services, and

(v) A notice of the consumer's right to request additional information regarding cash compensation described in Subparagraph (b) of this paragraph.

(b) Upon request of the consumer or the consumer's designated representative, the producer shall disclose:

(i) A reasonable estimate of the amount of cash compensation to be received by the producer, which may be stated as a range of amounts or percentages; and

(ii) Whether the case compensation is a one-time or multiple occurrence amount, and if a multiple occurrence amount, the frequency and amount of the occurrence, which may be stated as a range of amounts or percentages; and

(c) Prior to or at the time of the recommendation or sale of an annuity, the producer shall have a reasonable basis to believe the consumer has been informed of various features of the annuity, such as the potential surrender period and surrender charge; potential tax penalty if the consumer sells, exchanges, surrenders or annuitizes the annuity, mortality and expense fees, investment advisory fees, any annual fees, potential charges for and features of riders or other options of the annuity, limitations on interest returns, potential changes in non-guaranteed elements of the annuity, insurance and investment components and market risk.

(3) Conflict of interest obligation. A producer shall identify and avoid or reasonably manage and disclose material conflicts of interest, including material conflicts of interest related to an ownership interest.

(4) Documentation obligation. A producer shall at the time of recommendation or sale:

(a) Make a written record of any recommendation and the basis for the recommendation subject to this regulation;

(b) Obtain a consumer signed statement on a form substantially similar to Rule 18.13 (Appendix B) documenting:

(i) A customer's refusal to provide the consumer profile information, if any, and

(ii) A customer's understanding of the ramifications of not providing his or her consumer profile information or providing insufficient consumer profile information, and

(c) Obtain a consumer agreed statement on a form substantially similar to Rule 18.14 (Appendix C) acknowledging the annuity transaction is not recommended if a customer decides to enter into an annuity transaction that is not based on the producer's recommendation.

(5) Application of the best interest obligation. Any requirement applicable to a producer under this subsection shall apply to every producer who has exercised material control or influence in the making of a recommendation and has received direct compensation as a result of the recommendation or sale, regardless of whether the producer has had any direct contact with the consumer. Activities such as providing or delivering marketing or educational materials, product wholesaling or other back office product support, and general supervision of a producer do not, in and of themselves, constitute material control or influence.

B. Transactions not based on a recommendation.

(1) Except as provided under Paragraph (2), a producer shall have no obligation to a consumer under Subsection (a)(1) related to any annuity if:

(a) No recommendation is made;

(b) A recommendation was made and was later found to have been prepared based on materially inaccurate information provided by the consumer;

(c) A consumer refuses to provide relevant consumer profile information and the annuity transaction is not recommended, or

(d) A consumer decides to enter into an annuity transaction that is not based on a recommendation of the producer.

(2) An insurer's issuance of an annuity subject to Paragraph (1) shall be reasonable under all the circumstances actually known to the insurer at the time the annuity is issued.

C. Supervision system.

(1) Except as permitted under subsection B, an insurer shall not issue an annuity recommended to a consumer unless there is a reasonable basis to believe the annuity would effectively address the particular consumer's financial situation, insurance needs and financial objectives based on the consumer's consumer profile information.

(2) An insurer shall establish and maintain a supervision system that is reasonably designed to achieve the insurer's and its producers' compliance with this regulation, including, but not limited to, the following:

(a) The insurer shall establish and maintain reasonable procedures to inform its producers of the requirements of this regulation and shall

incorporate the requirements of this regulation into relevant producer training manuals;

(b) The insurer shall establish and maintain standards for producer product training and shall establish and maintain reasonable procedures to require its producers to comply with the requirements of Rule 18.07 of this regulation;

(c) The insurer shall provide product-specific training and training materials which explain all material features of its annuity products to its producers;

(d) The insurer shall establish and maintain procedures for the review of each recommendation prior to issuance of an annuity that are designed to ensure there is a reasonable basis to determine that the recommended annuity would effectively address the particular consumer's financial situation, insurance needs and financial objectives. Such review procedures may apply a screening system for the purpose of identifying selected transactions for additional review and may be accomplished electronically or through other means including, but not limited to, physical review. Such an electronic or other system may be designed to require additional review only of those transactions identified for additional review by their selection criteria;

(e) The insurer shall establish and maintain reasonable procedures to detect recommendations that are not in compliance with Subsections A, B, D, and E. This may include, but is not limited to, confirmation of the consumer's consumer profile information, systematic customer surveys, producer and consumer interviews, confirmation letters, producer statements or attestations and programs of internal monitoring. Nothing in this subparagraph prevents an insurer from complying with this subparagraph by applying sampling procedures, or by forming the consumer profile information or other required information under this section after issuance or delivery of the annuity.

(f) The insurer shall establish and maintain reasonable procedures to assess, prior to or upon issuance or delivery of an annuity, whether a producer has provided to the consumer the information required to be provided under this section;

(g) The insurer shall establish and maintain reasonable procedures to identify and address suspicious consumer refusals to provide consumer profile information;

(h) The insurer shall establish and maintain reasonable procedures to identify and eliminate any sales contests, sale quotas, bonuses, and non-cash compensation that are based on the sales of specific annuities within a limited period of time. The requirements of this subparagraph are not intended to prohibit the receipt of health insurance, office rent, office support, retirement benefits or other employee benefits by employees as long as those benefits are not based upon the volume of sales of a specific annuity within a limited period of time; and

(i) The insurer shall annually provide a written report to senior management, including to the senior manager responsible for audit functions, which details a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any.

(3)

(a) Nothing in this subsection restricts an insurer from contracting for performance of a function (including maintenance of procedures) required under this subsection. An insurer is responsible for taking appropriate corrective action and may be subject to sanctions and penalties pursuant to Rule 18.08 of this regulation regardless of whether the insurer contracts for performance of a function and regardless of the insurer's compliance with Subparagraph (b) of this paragraph.

(b) An insurer's supervision system under this subsection shall include supervision of contractual performance under this subsection. This includes, but is not limited to, the following:

(i) Monitoring and, as appropriate, conducting audits to assure that the contracted function is properly performed; and

(ii) Annually obtaining a certification from a senior manager who has responsibility for the contracted function that the manager has a reasonable basis to represent, and does represent, that the function is properly performed.

(4) An insurer is not required to include in its system of supervision:

(a) A producer's recommendation to consumers of products other than the annuities offered by the insurer, or

(b) Consideration of or comparison to options available to the producer or compensation relating to those options other than annuities or other products offered by the insurer.

D. Prohibited Practices. Neither a producer nor an insurer shall dissuade, or attempt to dissuade, a consumer from:

(1) Truthfully responding to an insurer's request for confirmation of the consumer profile information;

(2) Filing a complaint; or

(3) Cooperating with the investigation of a complaint.

E. Safe Harbor.

(1) Recommendations and sales of annuities made in compliance with comparable standards shall satisfy the requirements under this regulation. This subsection applies to all recommendations and sales of annuities made by financial professionals in compliance with business rules, controls and procedures that satisfy a comparable standard even if such standard would not otherwise apply to the product or recommendation at issue. However, nothing in this subsection shall limit the insurance commissioner's ability to investigate and enforce the provisions of this regulation.

(2) Nothing in Paragraph (1) shall limit the insurer's obligation to comply with Rule 18.06(C)(1) of this regulation, although the insurer may base its analysis on information received from either the financial professional or the entity supervising the financial professional.

(3) For paragraph (1) to apply, an insurer shall:

(a) Monitor the relevant conduct of the financial professional seeking to rely on Paragraph (1) or the entity responsible for supervising the financial professional, such as the financial professional's broker-dealer or an investment adviser registered under federal securities laws using information collected in the normal course of an insurer's business; and,

(b) Provide to the entity responsible for supervising the financial professional seeking to rely on Paragraph (1) such as the financial professional's broker-dealer or investment adviser registered under federal securities laws, information and reports that are reasonably appropriate to assist such entity to maintain its supervisory system.

(4) For purposes of this subsection, "financial professional" means a producer that is regulated and acting as:

(a) A broker-dealer registered under federal securities laws or a registered representative of a broker-dealer.

(b) An investment adviser registered under federal securities laws or an investment adviser representative associated with the federal registered investment adviser; or

(c) A plan fiduciary under Section 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or fiduciary under Section 4975(a)(3) of the Internal Revenue Code (IRC) or any amendments or successor statutes thereto.

(5) For purposes of this subsection, "comparable standards" means:

(a) With respect to broker-dealers and registered representatives of broker-dealers, applicable SEC and FINRA rules pertaining to best interest obligations and supervision of annuity recommendations and sales, including, but not limited to, Regulation Best Interest and any amendments or successor regulations thereto.

(b) With respect to investment advisers registered under federal securities laws or investment adviser representatives, the fiduciary duties and all other requirements imposed on such investment advisers or investment adviser representatives by contract or under the Investment Advisers Act of 1940, including but not limited to, the Form ADV and interpretations, and

(c) With respect to plan fiduciaries or fiduciaries, means the duties, obligations, prohibitions, and all other requirements attendant to such status under ERISA or the IRC and any amendments or successor statutes thereto.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.07. Insurance Producer Training

A. An insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. An insurance producer may rely on insurer-provided product-specific training standards and materials to comply with this Rule.

B. (1)

(a) An insurance producer who engages in the sale of annuity products shall complete a one-time four (4) credit training course approved

by the Department and provided by the Department approved education provider.

(b) Insurance producers who hold a life insurance line of authority on the effective date of this regulation and who desire to sell annuities shall complete the requirements of this subsection within six (6) months after the effective date of this regulation. Individuals who obtain a life insurance line of authority on or after the effective date of this regulation may not engage in the sale of annuities until the annuity training course required under this subsection has been completed.

(2) The minimum length of the training required under this subsection shall be sufficient to qualify for at least four (4) CE credit hours, but may be longer.

(3) The training required under this subsection shall include information on the following topics:

(a) The types of annuities and various classifications of annuities;

(b) Identification of the parties to an annuity;

(c) How product specific annuity contract ~~provisions~~ features affect consumers;

(d) The application of income taxation of qualified and non-qualified annuities;

(e) The primary uses of annuities; and

(f) Appropriate standard of conduct, sales practices, replacement and disclosure requirements.

(4) Providers of courses intended to comply with this subsection shall cover all topics listed in the prescribed outline and shall not present any marketing information or provide training on sales techniques or provide specific information about a particular insurer's products. Additional topics may be offered in conjunction with and in addition to the required outline.

(5) A provider of an annuity training course intended to comply with this subsection shall register as a CE provider in this State and comply with the rules and guidelines applicable to insurance producer continuing education courses as set forth in *Miss. Code Ann.* §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, *Miss. Code Ann*. § 83-17-513.

(6) A producer who has completed an annuity training course approved by the Department prior to January 1, 2022, shall, within six (6) months after January 1, 2022, complete either:

(a) A new four (4) credit training course approved by the Department after January 1, 2022; or

(b) An additional one-time one (1) credit training course approved by the Department and provided by the Department approved education provider on appropriate sales practices, replacement and disclosure requirements under this amended regulation.

(7) Annuity training courses may be conducted and completed by classroom or self-study methods in accordance with *Miss. Code Ann.* §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, and *Miss. Code Ann*. § 83-17-513.

(8) Providers of annuity training shall comply with the reporting requirements and shall issue certificates of completion in accordance with *Miss. Code Ann.* §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, and *Miss. Code Ann*. § 83-17-513.

(9) The satisfaction of the training requirements of another State that are substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.

(10) The satisfaction of the components of the training requirements of any course or courses with components substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.

(11) An insurer shall verify that an insurance producer has completed the annuity training course required under this subsection before allowing the producer to sell an annuity product for that insurer. An insurer may satisfy its responsibility under this subsection by obtaining certificates of completion of the training course or obtaining reports provided by commissioner-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.08. Compliance Mitigation; Penalties

A. An insurer is responsible for compliance with this regulation. If a violation occurs, either because of the action or inaction of the insurer or its insurance producer, the commissioner may order:

(1) An insurer to take reasonably appropriate corrective action for any consumer harmed by a failure to comply with this regulation by the insurer, an entity contracted to perform the insurer's supervisory duties or by the insurance producer;

(2) A general agency, independent agency or the insurance producer to take reasonably appropriate corrective action for any consumer harmed by the insurance producer's violation of this regulation; and

(3) Appropriate penalties and sanctions.

B. Any applicable penalty under *Miss. Code Ann*. §§ 83-5-29 through 83-5-51 for a violation of this regulation may be reduced or eliminated, as determined by the commissioner, if corrective action for the consumer was taken promptly after a violation was discovered or the violation was not part of a pattern or practice.

C. The authority to enforce compliance with this regulation is vested exclusively with the commissioner.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.09. Recordkeeping

A. Insurers, general agents, independent agencies and insurance producers shall maintain or be able to make available to the commissioner records of the information collected from the consumer, disclosures made to the consumer, including summaries of oral disclosures, and other information used in making the recommendations that were the basis for insurance transactions for five (5) years after the insurance transaction is completed by the insurer. An insurer is permitted, but shall not be required, to maintain documentation on behalf of an insurance producer.

B. Records required to be maintained by this regulation may be maintained in paper, photographic, micro-process, magnetic, mechanical or electronic media or by any process that accurately reproduces the actual document.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.10. Severability

If any provision of these sections or the application thereof to any person or circumstance is held invalid for any reason, the invalidity shall not affect the other provisions or any other application

of these sections which can be given effect without the invalid provisions or application. To this end all provisions of these sections are declared to be severable.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.11. Effective Date

This Amended Regulation shall become effective on January 1, 2022, and shall apply to acts or practices committed on or after July 1, 2022.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

_____
MIKE CHANEY
COMMISSIONER OF INSURANCE

Rule 18:12 - APPENDIX A

INSURANCE AGENT (PRODUCER) DISCLOSURE FOR ANNUITIES
Do Not Sign Unless You Have Read and Understand the Information in this Form

Date: _____

I. INSURANCE AGENT (PRODUCER) INFORMATION ("Me", "I", "My")

First Name: _____
Last Name: _____

Business\Agency Name: _____
Website: _____

Business Mailing
Address:_____

Business Telephone Number:_____

Email Address:_____

National Producer Number in MS:_____

II. CUSTOMER INFORMATION ("You", "Your")

First Name: _____
Last Name: _____

What Types of Products Can I Sell You?
I am licensed to sell annuities to You in accordance with state law. If I recommend that You buy an annuity, it means I believe that it effectively meets Your financial situation, insurance needs, and financial objectives. Other financial products, such as life insurance or stocks, bonds and mutual funds, also may meet Your needs.

I offer the following products:

Fixed or Fixed Indexed Annuities
Variable Annuities
Life Insurance

I need a separate license to provide advice about or to sell non-insurance financial products. I have checked below any noninsurance financial products that I am licensed and authorized to provide advice about or to sell.

Mutual Funds
Stocks/Bonds
Certificates of Deposits

Whose Annuities Can I Sell to You?

I am authorized to sell:

Annuities from Only One (1) Insurer	Annuities from Two or More Insurers
Annuities from Two or More Insurers although I primarily sell annuities from:_____	

How I'm Paid for My Work:
It's important for You to understand how I'm paid for my work. Depending on the particular annuity You purchase, I may be paid a commission or a fee. Commissions are generally paid to Me by the insurance company while fees are generally paid to Me by the consumer. If You have questions about how I'm paid, please ask Me.

Depending on the particular annuity You buy, I will or may be paid cash compensation as follows:

Commission, which is usually paid by the insurance company or other sources. If other sources, describe: _____.

Fees (such as a fixed amount, an hourly rate, or a percentage of your payment), which are usually paid directly by the customer.

Other, describe:_____

If You have questions about the above compensation I will be paid for this transaction, please ask me.

I may also receive other indirect compensation resulting from this transaction (sometimes called "non-cash" compensation), such as health or retirement benefits, office rent and support, or other incentives from the insurance company or other sources.

By signing below, You acknowledge that You have read and understand the information provided to You in this document.

_____
Customer Signature

_____
Date

_____
Agent (Producer) Signature

_____
Date

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18:13 – APPENDIX B

CONSUMER REFUSAL TO PROVIDE INFORMATION
Do Not Sign Unless You Have Read and Understand the Information in this Form

Why are You being given this form?

You're buying a financial product – an annuity.

To recommend a product that effectively meets Your needs, objectives and situation, the agent, broker, or company needs information about You, Your financial situation, insurance needs and financial objectives.

If You sign this form, it means You have not given the agent, broker, or company some or all the information needed to decide if the annuity effectively meets Your needs, objectives and situation. You may lose protections under the Insurance Code of [this state] if You sign this form or provide inaccurate information.

Statement of Purchaser:

I **REFUSE** to provide this information at this time.
I have chosen to provide LIMITED information at this time.

_____ Customer Signature

_____ Date

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18:14 – APPENDIX C

Consumer Decision to Purchase an Annuity NOT Based on a Recommendation

Do Not Sign This Form Unless You Have Read and Understand It.

Why are You being given this form? You are buying a financial product – an annuity.

To recommend a product that effectively meets your needs, objectives and situation, the agent, broker, or company has the responsibility to learn about You, your financial situation, insurance needs and financial objectives.

If You sign this form, it means You know that you're buying an annuity that was not recommended.

Statement of Purchaser:

I understand that I am buying an annuity, but the agent, broker or company did not recommend that I buy it. If I buy it **without a recommendation,** I understand I may lose protections under the Insurance Code of [this state].

_____

Customer Signature

_____

Date

_____

Agent/Producer Signature

_____

Date

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Title 19: Insurance

Part 2: Life Insurance

Part 2 Chapter 18: Suitability In Annuity Transactions Model Regulation

Rule 18.01 Purpose

A. The purpose of this regulation is to require producers, as defined in this regulation, to act in the best interest of the consumer when making a recommendation of an annuity and to require insurers to establish a system to supervise recommendations to set forth standards and procedures for recommendations to consumers that result in transactions involving annuity products so that the insurance needs and financial objectives of consumers at the time of the transaction are appropriately addressed.

B. Nothing herein shall be construed to create or imply a private cause of action for a violation of this regulation or to subject a producer to civil liability under the best interest standard of care outlined in Rule 18.06 of this regulation or under standards governing the conduct of a fiduciary or a fiduciary relationship.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.02. Scope

This regulation shall apply to any sale or recommendation of an annuity.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.03. Authority

This regulation is issued under the authority of Miss. Code Ann. §§83-5-29 through 83-5-51.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.04. Exemptions

Unless otherwise specifically included, this regulation shall not apply to recommendations involving:

A. Direct response solicitations where there is no recommendation based on information collected from the consumer pursuant to this regulation;

B. Contracts used to fund:

1. An employee pension or welfare benefit plan that is covered by the Employee Retirement and Income Security Act (ERISA);

2. A plan described by Sections 401(a), 401(k), 403(b), 408(k) or 408(p) of the Internal Revenue Code (IRC), as amended, if established or maintained by an employer;

3. A government or church plan defined in Section 414 of the IRC, a government 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 IRC;

4. A nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor;

C. Settlements of or assumptions of liabilities associated with personal injury litigation or any dispute or claim resolution process; or

D. Formal prepaid funeral contracts.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.05. Definitions

A. "Annuity" means an annuity that is an insurance product under State law that is individually solicited, whether the product is classified as an individual or group annuity.

B. "Cash compensation" means any discount, concession, fee, service fee, commission, sales, charge, loan, override, or cash benefit received by a producer in connection with the recommendation or sale of an annuity from an insurer, intermediary, or directly from the consumer.

C. "Consumer profile information" means information that is reasonably appropriate to determine whether a recommendation addresses the consumer's financial situation, insurance needs and financial objectives, including, at a minimum, the following:

(15) Age;

(16) Actual income;

(17) Financial situation and needs, including debts and other obligations;

(18) Financial experience;

(19) Insurance needs;

(20) Financial objectives;

(21) Intended use of the annuity;

(22) Financial time horizon;

(23) Existing assets or financial products, including investment, annuity and insurance holdings;

(24) Liquidity needs;

(25) Liquid net worth;

(26) Risk tolerance, including but not limited to, willingness to accept non-guaranteed elements in the annuity;

(27) Financial resources used to fund the annuity; and

(28) Tax status.

D. "Continuing Education credit hour" or "CE credit hour" means one hour of continuing education credit as defined in *Miss. Code Ann.* §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, *Miss. Code Ann*. § 83-17-513.

E. "Continuing Education provider" or CE provider" means an individual or entity that is approved to offer continuing education courses pursuant to *Miss. Code Ann.* §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, *Miss. Code Ann.* § 83-17-513.

F. "FINRA" means the Financial Industry Regulatory Authority or a succeeding agency.

G. "Insurer" means a company required to be licensed under the laws of this state to provide insurance products, including annuities.

H. "Intermediary" means an entity contracted directly with an insurer or with another entity contracted with an insurer to facilitate the sale of the insurer's annuities by producers.

I. (1) "Material conflict of interest" means a financial interest of the producer in the sale of any annuity that a reasonable person would expect to influence the impartiality of a recommendation.

(2) "Material conflict of interest" does not include cash compensation or non-cash compensation.

J. "Non-cash compensation" means any form of compensation that is not cash compensation, including, but not limited to, health insurance, office rent, office support and retirement benefits.

K. "Non-guaranteed elements" means the premiums, credited interest rates (including any bonus), benefits, values, dividends, non-interest based credits, charges or elements of formula used to determine any of these, that are subject to company discretion and are not guaranteed at issue. An element is considered non-guaranteed if any of the underlying non-guaranteed elements are used in its calculations.

L. "Producer" means a person or entity required to be licensed under the laws of this state to sell, solicit or negotiate insurance, including annuities. For purposes of this regulation, "producer" includes an insurer where no producer is involved.

M. (1) "Recommendation" means advice provided by a producer to an individual consumer that was intended to result or does result in a purchase, exchange or replacement of an annuity in accordance with that advice.

(2) Recommendation does not include general communication to the public, generalized customer services assistance or administrative support, general educational information and tools, prospectuses, or other product and sales material.

N. "Replacement" means a transaction in which a new annuity is to be purchased, and it is known or should be known to the proposing producer, or to the proposing insurer whether or not a producer is involved, that by reason of the transaction, an existing annuity or other insurance policy has been or is to be any of the following:

(1) Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;

(2) Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;

(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;

(4) Reissued with any reduction in cash value; or

(5) Used in a financed purchase.

O. "SEC" means the United States Securities and Exchange Commission.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.06. Duties of Insurers and Producers

A. Best Interest Obligations. A producer, when making a recommendation of an annuity, shall act in the best interest of the consumer under the circumstances known at the time the recommendation is made without placing the producer's or the insurer's financial interest ahead of the consumer's interest. A producer has acted in the best interest of the consumer if they have satisfied the following obligations regarding care, disclosure, conflict of interest and documentation:

(1) (a) Care Obligation. The producer, in making a recommendation shall exercise reasonable diligence, care and skill to:

(i) Know the consumer's financial situation, insurance needs and financial objectives:

(ii) Understand the available recommendation options after making a reasonable inquiry into options available to the producer;

(iii) Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs and financial objectives over the life of the product, as evaluated in light of the consumer profile information; and

(iv) Communicate the basis or bases of the recommendation.

(b) The requirements under Subparagraph (a) of this paragraph include making reasonable efforts to obtain consumer profile information from the consumer prior to the recommendation of an annuity.

(c) The requirements under Subparagraph (a) of this paragraph require a producer to consider the types of products the producer is authorized and licensed to recommend or sell that address the consumer's financial situation, insurance needs and financial objectives. This does not require analysis or consideration of any product outside the authority and license of the producer or other possible alternative products or strategies available in the market at the time of the recommendation. Producers shall be held to standards applicable to producers with similar authority and licensure.

(d) The requirements under this subsection do not create a fiduciary obligation or relationship and only create a regulatory obligation as established in this regulation.

(e) The consumer profile information, characteristics of the insurer, and product costs, rates, benefits and features are those factors generally relevant in making a determination whether an annuity effectively addresses the consumer's financial situation, insurance needs and financial objectives, but the level of importance of each factor under the care obligation of this paragraph may vary depending on the facts and circumstances of a particular case. However, each factor may not be considered in isolation.

(f) The requirements under Subparagraph (a) of this paragraph include having a reasonable basis to believe the consumer would benefit from certain features of the annuity, such as annuitization, death or living benefit or other insurance-related features.

(g) The requirements under Subparagraph (a) of this paragraph apply to the particular annuity as a whole and the underlying subaccounts to which funds are allocated at the time of purchase or exchange of an annuity, and riders and similar producer enhancements, if any.

(h) The requirements under Subparagraph (a) of this paragraph do not mean the annuity with the lowest one-time or multiple-occurrence compensation structure shall necessarily be recommended.

(i)The requirements under Subparagraph (a) of this paragraph do not mean the producer has ongoing monitoring obligations under the care obligation under this paragraph, although such an obligation may be separately owed under the terms of a fiduciary, consulting, investment advising or financial planning agreement between the consumer and the producer.

(j) In the case of an exchange or replacement of an annuity, the producer shall consider the whole transaction, which includes taking into consideration whether:

(i) The consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, such as death, living or other contractual benefits, or be subject to increased fees, investment advisory fees or charges for riders and similar product enhancements;

(ii) The replacing ~~producer~~ product would substantially benefit the consumer in comparison to the replaced product over the life of the product, and

(iii) The consumer has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 60 months.

(k) Nothing in this regulation should be construed to require a producer to obtain any license other than a producer license with the appropriate line of authority to sell, solicit or negotiate insurance in this state, including but not limited to any securities license, in order to fulfill the duties and obligations contained in this regulation, provided the producer does not give advice or provide services that are otherwise subject to securities law or engage in any other activity requiring other professional licenses.

(2) Disclosure obligation

(a) Prior to the recommendation or sale of an annuity, the producer shall prominently disclose to the consumer on a form substantially similar to Appendix A:

(i) A description of the scope and terms of the relationship with the consumer and the role of the producer in the transaction;

(ii) An affirmative statement on whether the producer is licensed and authorized to sell the following products:

(I) Fixed annuities;

(II) Fixed indexed annuities;

(III) Variable annuities;

(IV) Life insurance;

(V) Mutual funds;

(VI) Stocks and bonds, and

(VII) Certificates of deposit;

(iii) An affirmative statement describing the insurers the producer is authorized, contracted (or appointed), or otherwise able to sell insurance products for, using the following descriptions:

(I) From one insurer;

(II) From two or more insurers, or

(III) From two or more insurers although primarily contracted with one insurer.

(iv) A description of the sources and types of cash compensation and non-cash compensation to be received by the producer, including whether the producer is to be compensated for the sale of a recommended annuity by commission as part of premium or other remuneration received from the ~~re~~insurer, intermediary or other producer or by fee as a result of a contract for advice or consulting services, and

(v) A notice of the consumer's right to request additional information regarding cash compensation described in Subparagraph (b) of this paragraph.

(b) Upon request of the consumer or the consumer's designated representative, the producer shall disclose:

(i) A reasonable estimate of the amount of cash compensation to be received by the producer, which may be stated as a range of amounts or percentages; and

(ii) Whether the case compensation is a one-time or multiple occurrence amount, and if a multiple occurrence amount, the frequency and amount of the occurrence, which may be stated as a range of amounts or percentages; and

(c) Prior to or at the time of the recommendation or sale of an annuity, the producer shall have a reasonable basis to believe the consumer has been informed of various features of the annuity, such as the potential surrender period and surrender charge; potential tax penalty if the consumer sells, exchanges, surrenders or annuitizes the annuity, mortality and expense fees, investment advisory fees, any annual fees, potential charges for and features of riders or other options of the annuity, limitations on interest returns, potential changes in non-guaranteed elements of the annuity, insurance and investment components and market risk.

(3) Conflict of interest obligation. A producer shall identify and avoid or reasonably manage and disclose material conflicts of interest, including material conflicts of interest related to an ownership interest.

(4) Documentation obligation. A producer shall at the time of recommendation or sale:

(a) Make a written record of any recommendation and the basis for the recommendation subject to this regulation;

(b) Obtain a consumer signed statement on a form substantially similar to Rule 18.13 (Appendix B) documenting:

(i) A customer's refusal to provide the consumer profile information, if any, and

(ii) A customer's understanding of the ramifications of not providing his or her consumer profile information or providing insufficient consumer profile information, and

(c) Obtain a consumer agreed statement on a form substantially similar to Rule 18.14 (Appendix C) acknowledging the annuity transaction is not recommended if a customer decides to enter into an annuity transaction that is not based on the producer's recommendation.

(5) Application of the best interest obligation. Any requirement applicable to a producer under this subsection shall apply to every producer who has exercised material control or influence in the making of a recommendation and has received direct compensation as a result of the recommendation or sale, regardless of whether the producer has had any direct contact with the consumer. Activities such as providing or delivering marketing or educational materials, product wholesaling or other back office product support, and general supervision of a producer do not, in and of themselves, constitute material control or influence.

B. Transactions not based on a recommendation.

(1) Except as provided under Paragraph (2), a producer shall have no obligation to a consumer under Subsection (a)(1) related to any annuity if:

(a) No recommendation is made;

(b) A recommendation was made and was later found to have been prepared based on materially inaccurate information provided by the consumer;

(c) A consumer refuses to provide relevant consumer profile information and the annuity transaction is not recommended, or

(d) A consumer decides to enter into an annuity transaction that is not based on a recommendation of the producer.

(2) An insurer's issuance of an annuity subject to Paragraph (1) shall be reasonable under all the circumstances actually known to the insurer at the time the annuity is issued.

C. Supervision system.

(1) Except as permitted under subsection B, an insurer shall not issue an annuity recommended to a consumer unless there is a reasonable basis to believe the annuity would effectively address the particular consumer's financial situation, insurance needs and financial objectives based on the consumer's consumer profile information.

(2) An insurer shall establish and maintain a supervision system that is reasonably designed to achieve the insurer's and its producers' compliance with this regulation, including, but not limited to, the following:

(a) The insurer shall establish and maintain reasonable procedures to inform its producers of the requirements of this regulation and shall incorporate the requirements of this regulation into relevant producer training manuals;

(b) The insurer shall establish and maintain standards for producer product training and shall establish and maintain reasonable procedures to require its producers to comply with the requirements of Rule 18.07 of this regulation;

(c) The insurer shall provide product-specific training and training materials which explain all material features of its annuity products to its producers;

(d) The insurer shall establish and maintain procedures for the review of each recommendation prior to issuance of an annuity that are designed to ensure there is a reasonable basis to determine that the recommended annuity would effectively address the particular consumer's financial situation, insurance needs and financial objectives. Such review procedures may apply a screening system for the purpose of identifying selected transactions for additional review and may be accomplished electronically or through other means including, but not limited to, physical review. Such an electronic or other system may be designed to require additional review only of those transactions identified for additional review by their selection criteria;

(e) The insurer shall establish and maintain reasonable procedures to detect recommendations that are not in compliance with Subsections A, B, D, and E. This may include, but is not limited to, confirmation of the consumer's consumer profile information, systematic customer surveys, producer and consumer interviews, confirmation letters, producer statements or attestations and programs of internal monitoring. Nothing in this subparagraph prevents an insurer from complying with this subparagraph by applying sampling procedures, or by forming the

consumer profile information or other required information under this section after issuance or delivery of the annuity.

(f) The insurer shall establish and maintain reasonable procedures to assess, prior to or upon issuance or delivery of an annuity, whether a producer has provided to the consumer the information required to be provided under this section;

(g) The insurer shall establish and maintain reasonable procedures to identify and address suspicious consumer refusals to provide consumer profile information;

(h) The insurer shall establish and maintain reasonable procedures to identify and eliminate any sales contests, sale quotas, bonuses, and non-cash compensation that are based on the sales of specific annuities within a limited period of time. The requirements of this subparagraph are not intended to prohibit the receipt of health insurance, office rent, office support, retirement benefits or other employee benefits by employees as long as those benefits are not based upon the volume of sales of a specific annuity within a limited period of time; and

(i) The insurer shall annually provide a written report to senior management, including to the senior manager responsible for audit functions, which details a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any.

(3)

(a) Nothing in this subsection restricts an insurer from contracting for performance of a function (including maintenance of procedures) required under this subsection. An insurer is responsible for taking appropriate corrective action and may be subject to sanctions and penalties pursuant to Rule 18.08 of this regulation regardless of whether the insurer contracts for performance of a function and regardless of the insurer's compliance with Subparagraph (b) of this paragraph.

(b) An insurer's supervision system under this subsection shall include supervision of contractual performance under this subsection. This includes, but is not limited to, the following:

(i) Monitoring and, as appropriate, conducting audits to assure that the contracted function is properly performed; and

(iii) Annually obtaining a certification from a senior manager who has responsibility for the contracted function that the manager has a

reasonable basis to represent, and does represent, that the function is properly performed.

(4) An insurer is not required to include in its system of supervision:

(c) A producer's recommendation to consumers of products other than the annuities offered by the insurer, or

(d) Consideration of or comparison to options available to the producer or compensation relating to those options other than annuities or other products offered by the insurer.

D. Prohibited Practices. Neither a producer nor an insurer shall dissuade, or attempt to dissuade, a consumer from:

(1) Truthfully responding to an insurer's request for confirmation of the consumer profile information;

(2) Filing a complaint; or

(3) Cooperating with the investigation of a complaint.

E. Safe Harbor.

(1) Recommendations and sales of annuities made in compliance with comparable standards shall satisfy the requirements under this regulation. This subsection applies to all recommendations and sales of annuities made by financial professionals in compliance with business rules, controls and procedures that satisfy a comparable standard even if such standard would not otherwise apply to the product or recommendation at issue. However, nothing in this subsection shall limit the insurance commissioner's ability to investigate and enforce the provisions of this regulation.

(2) Nothing in Paragraph (1) shall limit the insurer's obligation to comply with Rule 18.06(C)(1) of this regulation, although the insurer may base its analysis on information received from either the financial professional or the entity supervising the financial professional.

(3) For paragraph (1) to apply, an insurer shall:

(a) Monitor the relevant conduct of the financial professional seeking to rely on Paragraph (1) or the entity responsible for supervising the financial professional, such as the financial professional's broker-dealer or an investment adviser registered under federal securities laws

using information collected in the normal course of an insurer's business; and,

(b) Provide to the entity responsible for supervising the financial professional seeking to rely on Paragraph (1) such as the financial professional's broker-dealer or investment adviser registered under federal securities laws, information and reports that are reasonably appropriate to assist such entity to maintain its supervisory system.

(4) For purposes of this subsection, "financial professional" means a producer that is regulated and acting as:

(a) A broker-dealer registered under federal securities laws or a registered representative of a broker-dealer.

(b) An investment adviser registered under federal securities laws or an investment adviser representative associated with the federal registered investment adviser; or

(c) A plan fiduciary under Section 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or fiduciary under Section 4975(a)(3) of the Internal Revenue Code (IRC) or any amendments or successor statutes thereto.

(5) For purposes of this subsection, "comparable standards" means:

(a) With respect to broker-dealers and registered representatives of broker-dealers, applicable SEC and FINRA rules pertaining to best interest obligations and supervision of annuity recommendations and sales, including, but not limited to, Regulation Best Interest and any amendments or successor regulations thereto.

(b) With respect to investment advisers registered under federal securities laws or investment adviser representatives, the fiduciary duties and all other requirements imposed on such investment advisers or investment adviser representatives by contract or under the Investment Advisers Act of 1940, including but not limited to, the Form ADV and interpretations, and

(c) With respect to plan fiduciaries or fiduciaries, means the duties, obligations, prohibitions, and all other requirements attendant to such status under ERISA or the IRC and any amendments or successor statutes thereto.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.07. Insurance Producer Training

A. An insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. An insurance producer may rely on insurer-provided product-specific training standards and materials to comply with this Rule.

B. (1) (a) An insurance producer who engages in the sale of annuity products shall complete a one-time four (4) credit training course approved by the Department and provided by the Department approved education provider.

(b) Insurance producers who hold a life insurance line of authority on the effective date of this regulation and who desire to sell annuities shall complete the requirements of this subsection within six (6) months after the effective date of this regulation. Individuals who obtain a life insurance line of authority on or after the effective date of this regulation may not engage in the sale of annuities until the annuity training course required under this subsection has been completed.

(2) The minimum length of the training required under this subsection shall be sufficient to qualify for at least four (4) CE credit hours, but may be longer.

(3) The training required under this subsection shall include information on the following topics:

(a) The types of annuities and various classifications of annuities;

(b) Identification of the parties to an annuity;

(c) How product specific annuity contract ~~provisions~~ features affect consumers;

(d) The application of income taxation of qualified and non-qualified annuities;

(e) The primary uses of annuities; and

(f) Appropriate standard of conduct, sales practices, replacement and disclosure requirements.

(4) Providers of courses intended to comply with this subsection shall cover all topics listed in the prescribed outline and shall not present any

marketing information or provide training on sales techniques or provide specific information about a particular insurer's products. Additional topics may be offered in conjunction with and in addition to the required outline.

(5) A provider of an annuity training course intended to comply with this subsection shall register as a CE provider in this State and comply with the rules and guidelines applicable to insurance producer continuing education courses as set forth in *Miss. Code Ann*. §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, *Miss. Code Ann*. § 83-17-513.

(6) A producer who has completed an annuity training course approved by the Department prior to January 1, 2022, shall, within six (6) months after January 1, 2022, complete either:

(a) A new four (4) credit training course approved by the Department after January 1, 2022; or

(b) An additional one-time one (1) credit training course approved by the Department and provided by the Department approved education provider on appropriate sales practices, replacement and disclosure requirements under this amended regulation.

(7) Annuity training courses may be conducted and completed by classroom or self-study methods in accordance with *Miss. Code Ann*. §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, and *Miss. Code Ann*. § 83-17-513.

(8) Providers of annuity training shall comply with the reporting requirements and shall issue certificates of completion in accordance with *Miss. Code Ann.* §§ 83-17-251 to 83-17-261, *Miss. Code Ann*. § 83-17-415, and *Miss. Code Ann*. § 83-17-513.

(9) The satisfaction of the training requirements of another State that are substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.

(10) The satisfaction of the components of the training requirements of any course or courses with components substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.

(11) An insurer shall verify that an insurance producer has completed the annuity training course required under this subsection before allowing the producer to sell an annuity product for that insurer. An insurer may satisfy its responsibility under this subsection by obtaining certificates of

completion of the training course or obtaining reports provided by commissioner-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.08. Compliance Mitigation; Penalties

A. An insurer is responsible for compliance with this regulation. If a violation occurs, either because of the action or inaction of the insurer or its insurance producer, the commissioner may order:

(1) An insurer to take reasonably appropriate corrective action for any consumer harmed by a failure to comply with this regulation by the insurer, an entity contracted to perform the insurer's supervisory duties or by the insurance producer;

(2) A general agency, independent agency or the insurance producer to take reasonably appropriate corrective action for any consumer harmed by the insurance producer's violation of this regulation; and

(3) Appropriate penalties and sanctions.

B. Any applicable penalty under *Miss. Code Ann*. §§ 83-5-29 through 83-5-51 for a violation of this regulation may be reduced or eliminated, as determined by the commissioner, if corrective action for the consumer was taken promptly after a violation was discovered or the violation was not part of a pattern or practice.

C. The authority to enforce compliance with this regulation is vested exclusively with the commissioner.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.09. Recordkeeping

A. Insurers, general agents, independent agencies and insurance producers shall maintain or be able to make available to the commissioner records of the information collected from the consumer, disclosures made to the consumer, including summaries of oral disclosures, and other information used in making the recommendations that were the basis for insurance transactions for five (5) years after the insurance transaction is completed by the insurer. An insurer is permitted, but shall not be required, to maintain documentation on behalf of an insurance producer.

B. Records required to be maintained by this regulation may be maintained in paper, photographic, micro-process, magnetic, mechanical or electronic media or by any process that accurately reproduces the actual document.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.10. Severability

If any provision of these sections or the application thereof to any person or circumstance is held invalid for any reason, the invalidity shall not affect the other provisions or any other application of these sections which can be given effect without the invalid provisions or application. To this end all provisions of these sections are declared to be severable.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18.11. Effective Date

This Amended Regulation shall become effective on January 1, 2022, and shall apply to acts or practices committed on or after ~~the effective date~~ July 1, 2022.

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

_____
MIKE CHANEY
COMMISSIONER OF INSURANCE

Rule 18:12 - APPENDIX A

INSURANCE AGENT (PRODUCER) DISCLOSURE FOR ANNUITIES
Do Not Sign Unless You Have Read and Understand the Information in this Form

Date: _____

III. INSURANCE AGENT (PRODUCER) INFORMATION ("Me", "I", "My")

First Name: _____
Last Name: _____

Business\Agency Name: _____
Website: _____

Business Mailing
Address:_____

Business Telephone Number:_____

Email Address:_____

National Producer Number in MS:_____

IV. CUSTOMER INFORMATION ("You", "Your")

First Name: _____
Last Name: _____

What Types of Products Can I Sell You?
I am licensed to sell annuities to You in accordance with state law. If I recommend that You buy an annuity, it means I believe that it effectively meets Your financial situation, insurance needs, and financial objectives. Other financial products, such as life insurance or stocks, bonds and mutual funds, also may meet Your needs.

I offer the following products:

Fixed or Fixed Indexed Annuities
Variable Annuities
Life Insurance

I need a separate license to provide advice about or to sell non-insurance financial products. I have checked below any noninsurance financial products that I am licensed and authorized to provide advice about or to sell.

Mutual Funds
Stocks/Bonds
Certificates of Deposits

Whose Annuities Can I Sell to You?

I am authorized to sell:

Annuities from Only One (1) Insurer	Annuities from Two or More Insurers
Annuities from Two or More Insurers although I primarily sell annuities from:_____	

How I'm Paid for My Work:
It's important for You to understand how I'm paid for my work. Depending on the particular annuity You purchase, I may be paid a commission or a fee. Commissions are generally paid to Me by the insurance company while fees are generally paid to Me by the consumer. If You have questions about how I'm paid, please ask Me.

Depending on the particular annuity You buy, I will or may be paid cash compensation as follows:
Commission, which is usually paid by the insurance company or other sources. If other sources, describe: _____.

Fees (such as a fixed amount, an hourly rate, or a percentage of your payment), which are usually paid directly by the customer.

Other, describe: _____

If You have questions about the above compensation I will be paid for this transaction, please ask me.

I may also receive other indirect compensation resulting from this transaction (sometimes called "non-cash" compensation), such as health or retirement benefits, office rent and support, or other incentives from the insurance company or other sources.

By signing below, You acknowledge that You have read and understand the information provided to You in this document.

_____ Customer Signature

_____
Date

_____
Agent (Producer) Signature

_____
Date

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18:13 – APPENDIX B

CONSUMER REFUSAL TO PROVIDE INFORMATION
Do Not Sign Unless You Have Read and Understand the Information in this Form

Why are You being given this form?

You're buying a financial product – an annuity.

To recommend a product that effectively meets Your needs, objectives and situation, the agent, broker, or company needs information about You, Your financial situation, insurance needs and financial objectives.

If You sign this form, it means You have not given the agent, broker, or company some or all the information needed to decide if the annuity effectively meets Your needs, objectives and situation. You may lose protections under the Insurance Code of [this state] if You sign this form or provide inaccurate information.

Statement of Purchaser:

I **REFUSE** to provide this information at this time.
I have chosen to provide LIMITED information at this time.

_____ Customer Signature

_____ Date

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Rule 18:14 – APPENDIX C

Consumer Decision to Purchase an Annuity NOT Based on a Recommendation

Do Not Sign This Form Unless You Have Read and Understand It.

Why are You being given this form? You are buying a financial product – an annuity.

To recommend a product that effectively meets your needs, objectives and situation, the agent, broker, or company has the responsibility to learn about You, your financial situation, insurance needs and financial objectives.

If You sign this form, it means You know that you're buying an annuity that was not recommended.

Statement of Purchaser:

I understand that I am buying an annuity, but the agent, broker or company did not recommend that I buy it. If I buy it **without a recommendation,** I understand I may lose protections under the Insurance Code of [this state].

_____
Customer Signature

_____
Date

_____
Agent/Producer Signature

_____
Date

Source: *Miss. Code Ann. §§ 83-5-29 to 83-5-51 (Rev. 2011)*

Chapter 19: Valuation of Life Insurance Policies Regulation (Including the Introduction and Use of New Select Mortality Factors)

Rule 19.01. Purpose

A. The purpose of this regulation is to provide:

(1) Tables of select mortality factors and rules for their use;

(2) Rules concerning a minimum standard for the valuation of plans with nonlevel premiums or benefits; and

(3) Rules concerning a minimum standard for the valuation of plans with secondary guarantees.

B. The method for calculating basic reserves defined in this regulation will constitute the Commissioners' Reserve Valuation Method for policies to which this regulation is applicable.

Source: *Miss. Code Ann.* §§83-5-1 and 83-7-23 (Rev. 2011).

Rule 19.02. Authority

This regulation is adopted and promulgated by the Commissioner of Insurance pursuant to Section 83-7-23 of the Code of Mississippi (1972).

Source: *Miss. Code Ann.* §§83-5-1 and 83-7-23 (Rev. 2011).

Rule 19.03. Applicability

This regulation shall apply to all life insurance policies, with or without nonforfeiture values, issued on or after the effective date of this regulation, subject to the following exceptions and conditions.

A. Exceptions

(1) This regulation shall not apply to any individual life insurance policy issued on or after the effective date of this regulation if the policy is issued in accordance with and as a result of the exercise of a reentry provision contained in the original life insurance policy of the same or greater face amount, issued before the effective date of this regulation,

that guarantees the premium rates of the new policy. This regulation also shall not apply to subsequent policies issued as a result of the exercise of such a provision, or a derivation of the provision, in the new policy.

(2) This regulation shall not apply to any universal life policy that meets all the following requirements:

(a) Secondary guarantee period, if any, is five (5) years or less;

(b) Specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the CSO valuation tables as defined in Rule 19.04(F) and the applicable valuation interest rate; and

(c) The initial surrender charge is not less than 100 percent of the first year annualized specified premium for the secondary guarantee period.

(3) This regulation shall not apply to any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.

(4) This regulation shall not apply to any variable universal life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.

(5) This regulation shall not apply to a group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

B. Conditions

(1) Calculation of the minimum valuation standard for policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits (other than universal life policies), or both, shall be in accordance with the provisions of Rule 19.06.

(2) Calculation of the minimum valuation standard for flexible premium and fixed premium universal life insurance policies, that contain provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period shall be in accordance with the provisions of Rule 19.07.

Source: *Miss. Code Ann*. §§83-5-1 and 83-7-23 (Rev. 2011).

Rule 19.04. Definitions

For purposes of this regulation:

A. "Basic reserves" means reserves calculated in accordance with *Miss. Code Ann*. § 83-7-23(4).

B. "Contract segmentation method" means the method of dividing the period from issue to mandatory expiration of a policy into successive segments, with the length of each segment being defined as the period from the end of the prior segment (from policy inception, for the first segment) to the end of the latest policy year as determined below. All calculations are made using the 1980 CSO valuation tables, as defined in Subsection F of this section, (or any other valuation mortality table adopted by the National Association of Insurance Commissioners (NAIC) after the effective date of this regulation and promulgated by regulation by the commissioner for this purpose), and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in Rule 19.05(B) of this regulation.

The length of a particular contract segment shall be set equal to the minimum of the value *t* for which G_t is greater than R_t (if G_t never exceeds R_t the segment length is deemed to be the number of years from the beginning of the segment to the mandatory expiration date of the policy), where G_t and R_t are defined as follows:

$$G_t = \frac{GP_{x+k+t}}{GP_{x+k+t-1}}$$

where:

x = original issue age;

k = the number of years from the date of issue to the beginning of the segment;

t = 1, 2, ...; *t* is reset to 1 at the beginning of each segment;

$GP_{x+k+t-1}$ = Guaranteed gross premium per thousand of face amount for year *t* of the segment, ignoring policy fees only if level for the premium paying period of the policy.

$R_t = \frac{q_{x+k+t}}{q_{x+k+t-1}}$, However, R_t may be increased or decreased by one percent in any policy year, at the company's option, but R_t shall not be less than one;

where:

x, k and t are as defined above, and

$q_{x+k+t-1}$ = valuation mortality rate for deficiency reserves in policy year k+t but using the mortality of Rule 19.05(B)(2) if Rule 19.05(B)(3) is elected for deficiency reserves.

However, if GP_{x+k+t} is greater than 0 and $GP_{x+k+t-1}$ is equal to 0, G_t shall be deemed to be 1000. If GP_{x+k+t} and $GP_{x+k+t-1}$ are both equal to 0, G_t shall be deemed to be 0.

C. "Deficiency reserves" means the excess, if greater than zero, of

(1) Minimum reserves calculated in accordance with *Miss. Code Ann*. § 83-7-23(7) over

(2) Basic reserves.

D. "Guaranteed gross premiums" means the premiums under a policy of life insurance that are guaranteed and determined at issue.

E. "Maximum valuation interest rates" means the interest rates defined in *Miss. Code Ann*. § 83-7-23(3-a) that are to be used in determining the minimum standard for the valuation of life insurance policies.

F. "1980 CSO valuation tables" means the Commissioners' 1980 Standard Ordinary Mortality Table (1980 CSO Table) without ten-year selection factors, incorporated into the 1980 amendments to the NAIC Standard Valuation Law, and variations of the 1980 CSO Table approved by the NAIC, such as the smoker and nonsmoker versions approved in December 1983.

G. "Scheduled gross premium" means the smallest illustrated gross premium at issue for other than universal life insurance policies. For universal life insurance policies, scheduled gross premium means the smallest specified premium described in Rule 19.07(A)(3), if any, or else the minimum premium described in Rule 19.07(A)(4).

H. (1) "Segmented reserves" means reserves, calculated using segments produced by the contract segmentation method, equal to the present value of all future guaranteed benefits less the present value of all future net premiums to the mandatory expiration of a policy, where the net premiums within each segment are a uniform percentage of the respective guaranteed gross premiums within the segment. The uniform percentage for each segment is such that, at the beginning of the segment, the present value of the net premiums within the segment equals:

(a) The present value of the death benefits within the segment, plus

(b) The present value of any unusual guaranteed cash value (see Rule 19.06(D)) occurring at the end of the segment, less

(c) Any unusual guaranteed cash value occurring at the start of the segment, plus

(d) For the first segment only, the excess of the Item (i) over Item (ii), as follows:

(i) A net level annual premium equal to the present value, at the date of issue, of the benefits provided for in the first segment after the first policy year, divided by the present value, at the date of issue, of an annuity of one per year payable on the first and each subsequent anniversary within the first segment on which a premium falls due. However, the net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan of insurance of the same renewal year equivalent level amount at an age one year higher than the age at issue of the policy.

(ii) A net one year term premium for the benefits provided for in the first policy year.

(2) The length of each segment is determined by the "contract segmentation method," as defined in this section.

(3) The interest rates used in the present value calculations for any policy may not exceed the maximum valuation interest rate, determined with a guarantee duration equal to the sum of the lengths of all segments of the policy.

(4) For both basic reserves and deficiency reserves computed by the segmented method, present values shall include future benefits and net premiums in the current segment and in all subsequent segments.

I. "Tabular cost of insurance" means the net single premium at the beginning of a policy year for one-year term insurance in the amount of the guaranteed death benefit in that policy year.

J. "Ten-year select factors" means the select factors adopted with the 1980 amendments to the NAIC Standard Valuation Law.

K. (1) "Unitary reserves" means the present value of all future guaranteed benefits less the present value of all future modified net premiums, where:

(a) Guaranteed benefits and modified net premiums are considered to the mandatory expiration of the policy; and

(b) Modified net premiums are a uniform percentage of the respective guaranteed gross premiums, where the uniform percentage is such that, at issue, the present value of the net premiums equals the present value of all death benefits and pure endowments, plus the excess of Item (i) over Item (ii), as follows:

(i) A net level annual premium equal to the present value, at the date of issue, of the benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per year payable on the first and each subsequent anniversary of the policy on which a premium falls due. However, the net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan of insurance of the same renewal year equivalent level amount at an age one year higher than the age at issue of the policy.

(ii) A net one year term premium for the benefits provided for in the first policy year.

(2) The interest rates used in the present value calculations for any policy may not exceed the maximum valuation interest rate, determined with a guarantee duration equal to the length from issue to the mandatory expiration of the policy.

L. "Universal life insurance policy" means any individual life insurance policy under the provisions of which separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts) and mortality or expense charges are made to the policy.

Source: *Miss. Code Ann*. §§83-5-1 and 83-7-23 (Rev. 2011).

Rule 19.05. General Calculation Requirements for Basic Reserves and Premium Deficiency Reserves

A. At the election of the company for any one or more specified plans of life insurance, the minimum mortality standard for basic reserves may be calculated using the 1980 CSO valuation tables with select mortality factors (or any other valuation mortality table adopted by the NAIC after the effective date of this regulation and promulgated by regulation by the commissioner for this purpose). If select mortality factors are elected, they may be:

(1) The ten-year select mortality factors incorporated into the 1980 amendments to the NAIC Standard Valuation Law;

(2) The select mortality factors in the Appendix; or

(3) Any other table of select mortality factors adopted by the NAIC after the effective date of this regulation and promulgated by regulation by the commissioner for the purpose of calculating basic reserves.

B. Deficiency reserves, if any, are calculated for each policy as the excess, if greater than zero, of the quantity A over the basic reserve. The quantity A is obtained by recalculating the basic reserve for the policy using guaranteed gross premiums instead of net premiums when the guaranteed gross premiums are less than the corresponding net premiums. At the election of the company for any one or more specified plans of insurance, the quantity A and the corresponding net premiums used in the determination of quantity A may be based upon the 1980 CSO valuation tables with select mortality factors (or any other valuation mortality table adopted by the NAIC after the effective date of this regulation and promulgated by regulation by the commissioner). If select mortality factors are elected, they may be:

(1) The ten-year select mortality factors incorporated into the 1980 amendments to the NAIC Standard Valuation Law;

(2) The select mortality factors in the Appendix of this regulation;

(3) For durations in the first segment, X percent of the select mortality factors in the Appendix , subject to the following:

(a) X may vary by policy year, policy form, underwriting classification, issue age, or any other policy factor expected to affect mortality experience;

(b) X is such that, when using the valuation interest rate used for basic reserves, Item (i) is greater than or equal to Item (ii);

(i) The actuarial present value of future death benefits, calculated using the mortality rates resulting from the application of X;

(ii) The actuarial present value of future death benefits calculated using anticipated mortality experience without recognition of mortality improvement beyond the valuation date;

(c) X is such that the mortality rates resulting from the application of X are at least as great as the anticipated mortality experience, without recognition of mortality improvement beyond the valuation date, in each of the first five (5) years after the valuation date;

(d) The appointed actuary shall increase X at any valuation date where it is necessary to continue to meet all the requirements of Subsection B(3);

(e) The appointed actuary may decrease X at any valuation date as long as X continues to meet all the requirements of Subsection B(3); and

(f) The appointed actuary shall specifically take into account the adverse effect on expected mortality and lapsation of any anticipated or actual increase in gross premiums.

(g) If X is less than 100 percent at any duration for any policy, the following requirements shall be met:

(i) The appointed actuary shall annually prepare an actuarial opinion and memorandum for the company in conformance with the requirements of 19 Miss. Admin. Code, Part 2, Rule 17.06;

(ii) The appointed actuary shall disclose, in the Regulatory Asset Adequacy Issues Summary, the impact of the insufficiency of assets to support the payment of benefits and expenses and the establishment of statutory reserves during one or more interim periods; and

(iii) The appointed actuary shall annually opine for all policies subject to this regulation as to whether the mortality rates resulting from the application of X meet the requirements of Subsection B(3). This opinion shall be supported by an actuarial report, subject to appropriate Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries. The X factors shall reflect anticipated future mortality, without recognition of mortality improvement beyond the valuation date, taking into account relevant emerging experience.

(4) Any other table of select mortality factors adopted by the NAIC after the effective date of this regulation and promulgated by regulation by the commissioner for the purpose of calculating deficiency reserves.

C. This subsection applies to both basic reserves and deficiency reserves. Any set of select mortality factors may be used only for the first segment. However, if the first segment is less than ten (10) years, the appropriate ten-year select mortality factors incorporated into the 1980 amendments to the NAIC Standard Valuation Law may be used thereafter through the tenth policy year from the date of issue.

D. In determining basic reserves or deficiency reserves, guaranteed gross premiums without policy fees may be used where the calculation involves the guaranteed gross premium but only if the policy fee is a level dollar amount after the first policy year. In determining deficiency reserves, policy fees may be included in guaranteed gross premiums, even if not included in the actual calculation of basic reserves.

E. Reserves for policies that have changes to guaranteed gross premiums, guaranteed benefits, guaranteed charges, or guaranteed credits that are unilaterally made by the insurer after issue and that are effective for more than one year after the date of the change shall be the greatest of the following: (1) reserves calculated ignoring the guarantee, (2) reserves assuming the guarantee was made at issue, and (3) reserves assuming that the policy was issued on the date of the guarantee.

F. The commissioner may require that the company document the extent of the adequacy of reserves for specified blocks, including but not limited to policies issued prior to the effective date of this regulation. This documentation may include a demonstration of the extent to which aggregation with other non-specified blocks of business is relied upon in the formation of the appointed actuary opinion pursuant to and consistent with the requirements of 19 Miss. Admin. Code, Pt 2, R. 17.06.

Source: *Miss. Code Ann*. §§83-5-1; 83-7-23 (Rev. 2011) and 19 Miss. Admin. Code, Pt. 2, R. 17.06,

Rule 19.06. Calculation of Minimum Valuation Standard for Policies with Guaranteed Nonlevel Gross Premiums or Guaranteed Nonlevel Benefits (Other than Universal Life Policies)

A. Basic Reserves

Basic reserves shall be calculated as the greater of the segmented reserves and the unitary reserves. Both the segmented reserves and the unitary reserves for any policy shall use the same valuation mortality table and selection factors. At the option of the insurer, in calculating segmented reserves and net premiums, either of the adjustments described in Paragraph (1) or (2) below may be made:

(1) Treat the unitary reserve, if greater than zero, applicable at the end of each segment as a pure endowment and subtract the unitary reserve, if greater than zero, applicable at the beginning of each segment from the present value of guaranteed life insurance and endowment benefits for each segment.

(2) Treat the guaranteed cash surrender value, if greater than zero, applicable at the end of each segment as a pure endowment; and subtract the guaranteed cash surrender value, if greater than zero, applicable at the

beginning of each segment from the present value of guaranteed life insurance and endowment benefits for each segment.

B. Deficiency Reserves

(1) The deficiency reserve at any duration shall be calculated:

(a) On a unitary basis if the corresponding basic reserve determined by Subsection A is unitary;

(b) On a segmented basis if the corresponding basic reserve determined by Subsection A is segmented; or

(c) On the segmented basis if the corresponding basic reserve determined by Subsection A is equal to both the segmented reserve and the unitary reserve.

(2) This subsection shall apply to any policy for which the guaranteed gross premium at any duration is less than the corresponding modified net premium calculated by the method used in determining the basic reserves, but using the minimum valuation standards of mortality (specified in Rule 19.05(B)) and rate of interest.

(3) Deficiency reserves, if any, shall be calculated for each policy as the excess if greater than zero, for the current and all remaining periods, of the quantity A over the basic reserve, where A is obtained as indicated in Rule 19.05(B).

(4) For deficiency reserves determined on a segmented basis, the quantity A is determined using segment lengths equal to those determined for segmented basic reserves.

C. Minimum Value

Basic reserves may not be less than the tabular cost of insurance for the balance of the policy year, if mean reserves are used. Basic reserves may not be less than the tabular cost of insurance for the balance of the current modal period or to the paid-to-date, if later, but not beyond the next policy anniversary, if mid- terminal

reserves are used. The tabular cost of insurance shall use the same valuation mortality table and interest rates as that used for the calculation of the segmented reserves. However, if select mortality factors are used, they shall be the ten-year select factors incorporated into the 1980 amendments of the NAIC Standard Valuation Law. In no case may total reserves (including basic reserves, deficiency reserves and any reserves held for supplemental benefits that would expire upon contract termination) be less than the amount that the policyowner would receive (including the cash surrender value of the supplemental benefits, if any, referred to above), exclusive of any deduction for policy loans, upon termination of the policy.

D. Unusual Pattern of Guaranteed Cash Surrender Values

(1) For any policy with an unusual pattern of guaranteed cash surrender values, the reserves actually held prior to the first unusual guaranteed cash surrender value shall not be less than the reserves calculated by treating the first unusual guaranteed cash surrender value as a pure endowment and treating the policy as an *n* year policy providing term insurance plus a pure endowment equal to the unusual cash surrender value, where *n* is the number of years from the date of issue to the date the unusual cash surrender value is scheduled.

(2) The reserves actually held subsequent to any unusual guaranteed cash surrender value shall not be less than the reserves calculated by treating the policy as an *n* year policy providing term insurance plus a pure endowment equal to the next unusual guaranteed cash surrender value, and treating any unusual guaranteed cash surrender value at the end of the prior segment as a net single premium, where

(a) *n* is the number of years from the date of the last unusual guaranteed cash surrender value prior to the valuation date to the earlier of:

(i) The date of the next unusual guaranteed cash surrender value, if any, that is scheduled after the valuation date; or

(ii) The mandatory expiration date of the policy; and

(b) The net premium for a given year during the *n* year period is equal to the product of the net to gross ratio and the respective gross premium; and

(c) The net to gross ratio is equal to Item (i) divided by Item (ii) as follows:

(i) The present value, at the beginning of the *n* year period, of death benefits payable during the *n* year period plus the present value, at the beginning of the n year period, of the next unusual guaranteed cash surrender value, if any, minus the amount of the last unusual guaranteed cash surrender value, if any, scheduled at the beginning of the *n* year period.

(ii) The present value, at the beginning of the *n* year period, of the scheduled gross premiums payable during the *n* year period.

(3) For purposes of this subsection, a policy is considered to have an unusual pattern of guaranteed cash surrender values if any future guaranteed cash surrender value exceeds the prior year's guaranteed cash surrender value by more than the sum of:

(a) One hundred ten percent (110%) of the scheduled gross premium for that year;

(b) One hundred ten percent (110%) of one year's accrued interest on the sum of the prior year's guaranteed cash surrender value and the scheduled gross premium using the nonforfeiture interest rate used for calculating policy guaranteed cash surrender values; and

(c) Five percent (5%) of the first policy year surrender charge, if any.

E. Optional Exemption for Yearly Renewable Term Reinsurance. At the option of the company, the following approach for reserves on YRT reinsurance may be used:

(1) Calculate the valuation net premium for each future policy year as the tabular cost of insurance for that future year.

(2) Basic reserves shall never be less than the tabular cost of insurance for the appropriate period, as defined in Subsection C.

(3) Deficiency reserves.

(a) For each policy year, calculate the excess, if greater than zero, of the valuation net premium over the respective maximum guaranteed gross premium.

(b) Deficiency reserves shall never be less than the sum of the present values, at the date of valuation, of the excesses determined in accordance with Subparagraph (a) above.

(4) For purposes of this subsection, the calculations use the maximum valuation interest rate and the 1980 CSO mortality tables with or without ten-year select mortality factors, or any other table adopted after the effective date of this regulation by the NAIC and promulgated by regulation by the commissioner for this purpose.

(5) A reinsurance agreement shall be considered YRT reinsurance for purposes of this subsection if only the mortality risk is reinsured.

(6) If the assuming company chooses this optional exemption, the ceding company's reinsurance reserve credit shall be limited to the amount of reserve held by the assuming company for the affected policies.

F. Optional Exemption for Attained-Age-Based Yearly Renewable Term Life Insurance Policies. At the option of the company, the following approach for reserves for attained-age-based YRT life insurance policies may be used:

(1) Calculate the valuation net premium for each future policy year as the tabular cost of insurance for that future year.

(2) Basic reserves shall never be less than the tabular cost of insurance for the appropriate period, as defined in Subsection 6C.

(3) Deficiency reserves.

(a) For each policy year, calculate the excess, if greater than zero, of the valuation net premium over the respective maximum guaranteed gross premium.

(b) Deficiency reserves shall never be less than the sum of the present values, at the date of valuation, of the excesses determined in accordance with Subparagraph (a) above.

(4) For purposes of this subsection, the calculations use the maximum valuation interest rate and the 1980 CSO valuation tables with or without ten-year select mortality factors, or any other table adopted after the effective date of this regulation by the NAIC and promulgated by regulation by the commissioner for this purpose.

(5) A policy shall be considered an attained-age-based YRT life insurance policy for purposes of this subsection if:

(a) The premium rates (on both the initial current premium scale and the guaranteed maximum premium scale) are based upon the attained age of the insured such that the rate for any given policy at a given attained age of the insured is independent of the year the policy was issued; and

(b) The premium rates (on both the initial current premium scale and the guaranteed maximum premium scale) are the same as the premium rates for policies covering all insureds of the same sex, risk class, plan of insurance and attained age.

(6) For policies that become attained-age-based YRT policies after an initial period of coverage, the approach of this subsection may be used after the initial period if:

(a) The initial period is constant for all insureds of the same sex, risk class and plan of insurance; or

(b) The initial period runs to a common attained age for all insureds of the same sex, risk class and plan of insurance; and

(c) After the initial period of coverage, the policy meets the conditions of Paragraph (5) above.

(7) If this election is made, this approach shall be applied in determining reserves for all attained-age- based YRT life insurance policies issued on or after the effective date of this regulation.

G. Exemption from Unitary Reserves for Certain *n*-Year Renewable Term Life Insurance Polices. Unitary basic reserves and unitary deficiency reserves need not be calculated for a policy if the following conditions are met:

(1) The policy consists of a series of *n*-year periods, including the first period and all renewal periods, where *n* is the same for each period, except that for the final renewal period, n may be truncated or extended to reach the expiry age, provided that this final renewal period is less than 10 years and less than twice the size of the earlier n-year periods, and for each period, the premium rates on both the initial current premium scale and the guaranteed maximum premium scale are level;

(2) The guaranteed gross premiums in all *n*-year periods are not less than the corresponding net premiums based upon the 1980 CSO Table with or without the ten-year select mortality factors; and

(3) There are no cash surrender values in any policy year.

H. Exemption from Unitary Reserves for Certain Juvenile Policies

Unitary basic reserves and unitary deficiency reserves need not be calculated for a policy if the following conditions are met, based upon the initial current premium scale at issue:

(1) At issue, the insured is age twenty-four (24) or younger;

(2) Until the insured reaches the end of the juvenile period, which shall occur at or before age twenty- five (25), the gross premiums and death benefits are level, and there are no cash surrender values; and

(3) After the end of the juvenile period, gross premiums are level for the remainder of the premium paying period, and death benefits are level for the remainder of the life of the policy.

Source: *Miss. Code Ann.* §§83-5-1 and 83-7-23 (Rev. 2011).

Rule 19.07. Calculation of Minimum Valuation Standard for Flexible Premium and Fixed Premium Universal Life Insurance Policies That Contain Provisions Resulting in the Ability of a Policyowner to Keep a Policy in Force Over a Secondary Guarantee Period

A. General

(1) Policies with a secondary guarantee include:

(a) A policy with a guarantee that the policy will remain in force at the original schedule of benefits, subject only to the payment of specified premiums;

(b) A policy in which the minimum premium at any duration is less than the corresponding one year valuation premium, calculated using the maximum valuation interest rate and the 1980 CSO valuation tables with or without ten-year select mortality factors, or any other table adopted after the effective date of this regulation by the NAIC and promulgated by regulation by the commissioner for this purpose; or

(c) A policy with any combination of Subparagraph (a) and (b).

(2) A secondary guarantee period is the period for which the policy is guaranteed to remain in force subject only to a secondary guarantee. When a policy contains more than one secondary guarantee, the minimum reserve shall be the greatest of the respective minimum reserves at that valuation date of each unexpired secondary guarantee, ignoring all other secondary guarantees. Secondary guarantees that are unilaterally changed by the insurer after issue shall be considered to have been made at issue. Reserves described in Subsections B and C below shall be recalculated from issue to reflect these changes.

(3) Specified premiums mean the premiums specified in the policy, the payment of which guarantees that the policy will remain in force at the original schedule of benefits, but which otherwise would be insufficient to keep the policy in force in the absence of the guarantee if maximum mortality and expense charges and minimum interest credits were made and any applicable surrender charges were assessed.

(4) For purposes of this section, the minimum premium for any policy year is the premium that, when paid into a policy with a zero account value at the beginning of the policy year, produces a zero account value at the end of the policy year. The minimum premium calculation shall use the policy cost factors (including mortality charges, loads and expense charges) and the interest crediting rate, which are all guaranteed at issue.

(5) The one-year valuation premium means the net one-year premium based upon the original schedule of benefits for a given policy year. The one-year valuation premiums for all policy years are calculated at issue. The select mortality factors defined in Rule 19.05B(2), (3), and (4) may not be used to calculate the one-year valuation premiums.

(6) The one-year valuation premium should reflect the frequency of fund processing, as well as the distribution of deaths assumption employed in the calculation of the monthly mortality charges to the fund.

B. Basic Reserves for the Secondary Guarantees

Basic reserves for the secondary guarantees shall be the segmented reserves for the secondary guarantee period. In calculating the segments and the segmented reserves, the gross premiums shall be set equal to the specified premiums, if any, or otherwise to the minimum premiums, that keep the policy in force and the segments will be determined according to the contract segmentation method as defined in Rule 19.04(B).

C. Deficiency Reserves for the Secondary Guarantees

Deficiency reserves, if any, for the secondary guarantees shall be calculated for the secondary guarantee period in the same manner as described in Rule 19.06(B) with gross premiums set equal to the specified premiums, if any, or otherwise to the minimum premiums that keep the policy in force.

D. Minimum Reserves

The minimum reserves during the secondary guarantee period are the greater of:

(1) The basic reserves for the secondary guarantee plus the deficiency reserve, if any, for the secondary guarantees; or

(2) The minimum reserves required by other rules or regulations governing universal life plans.

Source: *Miss. Code Ann.* §§83-5-1 and 83-7-23 (Rev. 2011).

Rule 19.08. Effective Date

This regulation shall become effective on and after September 1, 2022.

Source: *Miss. Code Ann.* § 25-43-3.113(2)(b)(i) (Rev. 2018); and § 83-5-1 (Rev. 2011).

Part 2 Chapter 20: Term and Universal Life Insurance Reserve Financing Model Regulation

Rule 20.01. Authority

This regulation is adopted and promulgated by the Commissioner of Insurance pursuant to Sections 83-5-1 and 83-19-157 of the Code of Mississippi (1972).

Source: *Miss. Code Ann.* §§83-5-1 and 83-19-157 (Rev. 2011).

Rule 20.02. Purpose and Intent

The purpose and intent of this regulation is to establish uniform, national standards governing reserve financing arrangements pertaining to life insurance policies containing guaranteed nonlevel gross premiums, guaranteed nonlevel benefits and universal life insurance policies with secondary guarantees; and to ensure that, with respect to each such financing arrangement, funds consisting of Primary Security and Other Security, as defined in Rule 20.05, are held by or on behalf of ceding insurers in the forms and amounts required herein. In general, reinsurance ceded for reserve financing purposes has one or more of the following characteristics: some or all of the assets used to secure the reinsurance treaty or to capitalize the reinsurer (1) are issued by the ceding insurer or its affiliates; or (2) are not unconditionally available to satisfy the general account obligations of the ceding insurer; or (3) create a reimbursement, indemnification or other similar obligation on the part of the ceding insurer or any if its affiliates (other than a payment obligation under a derivative contract acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks in the policies ceded pursuant to the reinsurance treaty).

Source: *Miss. Code Ann.* §§83-5-1 and 83-19-157 (Rev. 2011).

Rule 20.03. Applicability

This regulation shall apply to reinsurance treaties that cede liabilities pertaining to Covered Policies, as that term is defined in Rule 20.05(B), issued by any life insurance company

domiciled in this state. This regulation and shall both apply to such reinsurance treaties; provided, that in the event of a direct conflict between the provisions of this regulation and 19 Miss. Admin. Code, Part 1, Chapter 22, "Credit for Reinsurance", the provisions of this regulation shall apply, but only to the extent of the conflict.

Source: *Miss. Code Ann.* §§83-5-1 and 83-19-157 (Rev. 2011); 19 Miss. Admin. Code, Part 1, Chapter 22, "Credit for Reinsurance".

Rule 20.04. Exemptions from this Regulation

This regulation does not apply to the situations described in Subsections A through F.

A. Reinsurance of:

(1) Policies that satisfy the criteria for exemption set forth in 19 Miss. Admin. Code, Pt. 2, R. 19.06(F) or R. 19.06(G); and which are issued before the later of:

(a) The effective date of this regulation, and

(b) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than Jan 1, 2020;

(2) Portions of policies that satisfy the criteria for exemption set forth in 19 Miss. Admin. Code, Pt. 2, R. 19.06(E) and which are issued before the later of:

(a) The effective date of this regulation, and

(b) The date on which the ceding insurer begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than Jan. 1, 2020;

(3) Any universal life policy that meets all of the following requirements:

(a) Secondary guarantee period, if any, is five (5) years or less;

(b) Specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the Commissioners Standard Ordinary (CSO) valuation tables and valuation interest rate applicable to the issue year of the policy; and

(c) The initial surrender charge is not less than one hundred percent (100%) of the first year annualized specified premium for the secondary guarantee period;

(4) Credit life insurance;

(5) Any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts; or

(6) Any group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

B. Reinsurance ceded to an assuming insurer that meets the applicable requirements of *Miss. Code Ann*. §83-19-151(d); or

C. Reinsurance ceded to an assuming insurer that meets the applicable requirements of *Miss. Code Ann*. §83-19-151(a)(b) and (c), and that, in addition:

(1) Prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual, without any departures from NAIC statutory accounting practices and procedures pertaining to the admissibility or valuation of assets or liabilities that increase the assuming insurer's reported surplus and are material enough that they need to be disclosed in the financial statement of the assuming insurer pursuant to Statement of Statutory Accounting Principles No. 1 ("SSAP 1"); and

(2) Is not in a Company Action Level Event, Regulatory Action Level Event, Authorized Control Level Event, or Mandatory Control Level Event as those terms are defined in *Miss. Code Ann*. §§ 83-5-401(j) (Rev. 2011) , when its RBC is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation; or

D. Reinsurance ceded to an assuming insurer that meets the applicable requirements of *Miss. Code Ann*. §83-19-151(a)(b) and (c)and that, in addition:

(1) Is not an affiliate, as that term is defined in *Miss. Code Ann*. § 83-6-1(a) of:

(a) The insurer ceding the business to the assuming insurer; or

(b) Any insurer that directly or indirectly ceded the business to that ceding insurer;

(2) Prepares statutory financial statements in compliance with the NAIC Accounting Practices and Procedures Manual;

(3) Is both:

(a) Licensed or accredited in at least 10 states (including its state of domicile), and

(b) Not licensed in any state as a captive, special purpose vehicle, special purpose financial captive, special purpose life reinsurance company, limited purpose subsidiary, or any other similar licensing regime; and

(4) Is not, or would not be, below 500% of the Authorized Control Level RBC as that term is defined in *Miss. Code Ann*. §83-5-401(j)(iii) when its Risk-Based Capital (RBC) is calculated in accordance with the life risk-based capital report including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation, and without recognition of any departures from NAIC statutory accounting practices and procedures pertaining to the admission or valuation of assets or liabilities that increase the assuming insurer's reported surplus; or

E. Reinsurance ceded to an assuming insurer that meets the requirements of Miss. Code Ann. § 83-19-157(d); or

F. Reinsurance not otherwise exempt under Subsections A through E if the commissioner, after consulting with the NAIC Financial Analysis Working Group (FAWG) or other group of regulators designated by the NAIC, as applicable, determines under all the facts and circumstances that all of the following apply:

(1) The risks are clearly outside of the intent and purpose of this regulation (as described in Rule 20.02 above);

(2) The risks are included within the scope of this regulation only as a technicality; and

(3) The application of this regulation to those risks is not necessary to provide appropriate protection to policyholders. The commissioner shall publicly disclose any decision made pursuant to this Rule 20.04(F) to exempt a reinsurance treaty from this regulation, as well as the general basis therefor (including a summary description of the treaty).

Source: *Miss. Code Ann*. §§83-5-1; 83-5-401; 83-6-1; and 83-19-157 (Rev. 2011).

Rule 20.05. Definitions

A. "Actuarial Method" means the methodology used to determine the Required Level of Primary Security, as described in Rule 20.06.

B. "Covered Policies" means the following: Subject to the exemptions described in Rule 20.04, Covered Policies are those policies, other than Grandfathered Policies, of the following policy types:

(1) Life insurance policies with guaranteed nonlevel gross premiums and/or guaranteed nonlevel benefits, except for flexible premium universal life insurance policies; or,

(2) Flexible premium universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period.

C. "Grandfathered Policies" means policies of the types described in Subsections (B)(1) and (B)(2) above that were:

(1) Issued prior to January 1, 2015; and

(2) Ceded, as of December 31, 2014, as part of a reinsurance treaty that would not have met one of the exemptions set forth in Rule 20.04 had that section then been in effect.

D. "Non-Covered Policies" means any policy that does not meet the definition of Covered Policies, including Grandfathered Policies.

E. "Required Level of Primary Security" means the dollar amount determined by applying the Actuarial Method to the risks ceded with respect to Covered Policies, but not more than the total reserve ceded.

F. "Primary Security" means the following forms of security:

(1) Cash meeting the requirements of *Miss. Code Ann*. § 83-19-153(a);

(2) Securities listed by the Securities Valuation Office meeting the requirements of *Miss. Code Ann*. 83-19-153(b), but excluding any synthetic letter of credit, contingent note, credit-linked note or other similar security that operates in a manner similar to a letter of credit, and excluding any securities issued by the ceding insurer or any of its affiliates; and

(3) For security held in connection with funds-withheld and modified coinsurance reinsurance treaties:

(a) Commercial loans in good standing of CM3 quality and higher;

(b) Policy Loans; and

(c) Derivatives acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks in the policies ceded pursuant to the reinsurance treaty.

G. “Other Security” means any security acceptable to the commissioner other than security meeting the definition of Primary Security.

H. “Valuation Manual” means the valuation manual adopted by the NAIC as described in *Miss. Code Ann*. § 83-7-23(11)(b)(i), with all amendments adopted by the NAIC that are effective for the financial statement date on which credit for reinsurance is claimed.

I. “VM-20” means “Requirements for Principle-Based Reserves for Life Products,” including all relevant definitions, from the Valuation Manual.

Source: *Miss. Code Ann*. §§83-5-1; 83-7-23; 83-19-153; and 83-19-157 (Rev. 2011).

Rule 20.06. The Actuarial Method

A. Actuarial Method

The Actuarial Method to establish the Required Level of Primary Security for each reinsurance treaty subject to this regulation shall be VM-20, applied on a treaty-by-treaty basis, including all relevant definitions, from the Valuation Manual as then in effect, applied as follows:

(1) For Covered Policies described in Rule 20.05(B)(1) above, the Actuarial Method is the greater of the Deterministic Reserve or the Net Premium Reserve (NPR) regardless of whether the criteria for exemption testing can be met. However, if the Covered Policies do not meet the requirements of the Stochastic Reserve exclusion test in the Valuation Manual, then the Actuarial Method is the greatest of the Deterministic Reserve, the Stochastic Reserve, or the NPR. In addition, if such Covered Policies are reinsured in a reinsurance treaty that also contains Covered Policies described in Rule 20.05(B)(2) above, the ceding insurer may elect to instead use paragraph 2 below as the Actuarial Method for the entire reinsurance agreement. Whether Paragraph 1 or 2 are used, the Actuarial Method must comply with any requirements or restrictions that the Valuation Manual imposes when aggregating these policy types for purposes of principle-based reserve calculations.

(2) For Covered Policies described in Rule 20.05(B)(2) above, the Actuarial Method is the greatest of the Deterministic Reserve, the Stochastic Reserve, or the NPR regardless of whether the criteria for exemption testing can be met.

(3) Except as provided in Paragraph (4) below, the Actuarial Method is to be applied on a gross basis to all risks with respect to the Covered Policies as originally issued or assumed by the ceding insurer.

(4) If the reinsurance treaty cedes less than one hundred percent (100%) of the risk with respect to the Covered Policies then the Required Level of Primary Security may be reduced as follows:

(a) If a reinsurance treaty cedes only a quota share of some or all of the risks pertaining to the Covered Policies, the Required Level of Primary Security, as well as any adjustment under Subparagraph (c) below, may be reduced to a pro rata portion in accordance with the percentage of the risk ceded;

(b) If the reinsurance treaty in a non-exempt arrangement cedes only the risks pertaining to a secondary guarantee, the Required Level of Primary Security may be reduced by an amount determined by applying the Actuarial Method on a gross basis to all risks, other than risks related to the secondary guarantee, pertaining to the Covered Policies, except that for Covered Policies for which the ceding insurer did not elect to apply the provisions of VM20 to establish statutory reserves, the Required Level of Primary Security may be reduced by the statutory reserve retained by the ceding insurer on those Covered Policies, where the retained reserve of those Covered Policies should be reflective of any reduction pursuant to the cession of mortality risk on a yearly renewable term basis in an exempt arrangement;

(c) If a portion of the Covered Policy risk is ceded to another reinsurer on a yearly renewable term basis in an exempt arrangement, the Required Level of Primary Security may be reduced by the amount resulting by applying the Actuarial Method including the reinsurance section of VM-20 to the portion of the Covered Policy risks ceded in the exempt arrangement, except that for Covered Policies issued prior to Jan 1, 2017, this adjustment is not to exceed [cx/ (2 * number of reinsurance premiums per year)] where cx is calculated using the same mortality table used in calculating the Net Premium Reserve; and

(d) For any other treaty ceding a portion of risk to a different reinsurer, including but not limited to stop loss, excess of loss and other non-proportional reinsurance treaties, there will be no reduction in the Required Level of Primary Security. It is possible for any combination of Subparagraphs (a), (b), (c), and (d) above to apply. Such adjustments to the Required Level of Primary Security will be done in the sequence that accurately reflects the portion of the risk ceded via the treaty. The ceding insurer should document the rationale and steps taken to accomplish the adjustments to the Required Level of Primary Security due to the cession of less than one hundred percent (100%) of the risk. The Adjustments for other reinsurance will be made only with respect to reinsurance treaties entered into directly by the ceding insurer. The ceding insurer will make no adjustment as a result of a retrocession treaty entered into by the assuming insurers.

It is possible for any combination of Subparagraphs (a), (b), (c), and (d) above to apply. Such adjustments to the Required Level of Primary Security will be done in the sequence that accurately reflects the portion of the risk ceded via the treaty. The ceding insurer should document the rationale and steps taken to accomplish the adjustments to the Required Level of Primary Security due to the cession of less than one hundred percent (100%) of the risk. The Adjustments for other reinsurance will be made only with respect to reinsurance treaties entered into directly by the ceding insurer. The ceding insurer will make no adjustment as a result of a retrocession treaty entered into by the assuming insurers.

(5) In no event will the Required Level of Primary Security resulting from application of the Actuarial Method exceed the amount of statutory reserves ceded.

(6) If the ceding insurer cedes risks with respect to Covered Policies, including any riders, in more than one reinsurance treaty subject to this Regulation, in no event will the aggregate Required Level of Primary Security for those reinsurance treaties be less than the Required Level of Primary Security calculated using the Actuarial Method as if all risks ceded in those treaties were ceded in a single treaty subject to this Regulation;

(7) If a reinsurance treaty subject to this Regulation cedes risk on both Covered and Non-Covered Policies, credit for the ceded reserves shall be determined as follows:

(a) The Actuarial Method shall be used to determine the Required Level of Primary Security for the Covered Policies, and Rule 20.07 shall be used to determine the reinsurance credit for the Covered Policy reserves; and

(b) Credit for the Non-Covered Policy reserves shall be granted only to the extent that security, in addition to the security held to satisfy the requirements of Subparagraph (a), is held by or on behalf of the ceding insurer in accordance with *Miss. Code Ann*. §§ 83-19-151and 83-19-153. Any Primary Security used to meet the requirements of this Subparagraph may not be used to satisfy the Required Level of Primary Security for the Covered Policies.

B. Valuation used for Purposes of Calculations

For the purposes of both calculating the Required Level of Primary Security pursuant to the Actuarial Method and determining the amount of Primary Security and Other Security, as applicable, held by or on behalf of the ceding insurer, the following shall apply:

(1) For assets, including any such assets held in trust, that would be admitted under the NAIC Accounting Practices and Procedures Manual if they were held by the ceding insurer, the valuations are to be determined according to statutory accounting procedures as if such assets were held in the ceding insurer's general account and without taking into consideration the effect of any prescribed or permitted practices; and

(2) For all other assets, the valuations are to be those that were assigned to the assets for the purpose of determining the amount of reserve credit taken. In addition, the asset spread tables and asset default cost tables required by VM-20 shall be included in the Actuarial Method if adopted by the NAIC's Life Actuarial (A) Task Force no later than the Dec. 31st on or immediately preceding the valuation date for which the Required Level of Primary Security is being calculated. The tables of asset spreads and asset default costs shall be incorporated into the Actuarial Method in the manner specified in VM-20.

Source: *Miss. Code Ann.* §§83-5-1; 83-19-151; 83-19-153; and 83-19-157 (Rev. 2011).

Rule 20.07. Requirements Applicable to Covered Policies to Obtain Credit for Reinsurance; Opportunity for Remediation

A. Requirements

Subject to the exemptions described in Rule 20.04 and the provisions of Rule 20.07(B), credit for reinsurance shall be allowed with respect to ceded liabilities pertaining to Covered Policies pursuant to *Miss. Code Ann.* §§ 83-19-151and 83-19-153 if, and only if, in addition to all other requirements imposed by law or regulation, the following requirements are met on a treaty-by-treaty basis:

(1) The ceding insurer's statutory policy reserves with respect to the Covered Policies are established in full and in accordance with the applicable requirements of Miss. Code Ann. § 83-7-23 and related regulations and actuarial guidelines, and credit claimed for any reinsurance treaty subject to this regulation does not exceed the proportionate share of those reserves ceded under the contract; and

(2) The ceding insurer determines the Required Level of Primary Security with respect to each reinsurance treaty subject to this regulation and provides support for its calculation as determined to be acceptable to the commissioner; and

(3) Funds consisting of Primary Security, in an amount at least equal to the Required Level of Primary Security, are held by or on behalf of the ceding insurer, as security under the reinsurance treaty within the meaning of *Miss. Code Ann.* §83-19-153, on a funds withheld, trust, or modified coinsurance basis; and

4) Funds consisting of Other Security, in an amount at least equal to any portion of the statutory reserves as to which Primary Security is not held pursuant to

Paragraph (3) above, are held by or on behalf of the ceding insurer as security under the reinsurance treaty within the meaning of *Miss. Code Ann*. §83-19-153 ; and

(5) Any trust used to satisfy the requirements of this Rule 20.07 shall comply with all of the conditions and qualifications of 19 Miss. Admin. Code, Pt. 1, R. 22.11, except that:

(a) Funds consisting of Primary Security or Other Security held in trust, shall for the purposes identified in Rule 20.06(B), be valued according to the valuation rules set forth in Rule 20.06(B), as applicable; and

(b) There are no affiliate investment limitations with respect to any security held in such trust if such security is not needed to satisfy the requirements of Rule 20.07(A)(3); and

(c) The reinsurance treaty must prohibit withdrawals or substitutions of trust assets that would leave the fair market value of the Primary Security within the trust (when aggregated with Primary Security outside the trust that is held by or on behalf of the ceding insurer in the manner required by Rule 20.07(A)(3)) below 102% of the level required by Rule 20.07(A)(3) at the time of the withdrawal or substitution; and

(d) The determination of reserve credit under 19 Miss. Admin. Code, Pt. 1, R. 22.11(3) shall be determined according to the valuation rules set forth in Rule 20.06(B), as applicable; and

(6) The reinsurance treaty has been approved by the commissioner.

B. Requirements at Inception Date and on an On-going Basis; Remediation

(1) The requirements of Rule 20.07(A) must be satisfied as of the date that risks under Covered Policies are ceded (if such date is on or after the effective date of this regulation) and on an ongoing basis thereafter. Under no circumstances shall a ceding insurer take or consent to any action or series of actions that would result in a deficiency under Rule 20.07(A)(3) or Rule 20.07(A)(4) with respect to any reinsurance treaty under which Covered Policies have been ceded, and in the event that a ceding insurer becomes aware at any time that such a deficiency exists, it shall use its best efforts to arrange for the deficiency to be eliminated as expeditiously as possible.

(2) Prior to the due date of each Quarterly or Annual Statement, each life insurance company that has ceded reinsurance within the scope of Rule 20.03 shall perform an analysis, on a treaty-by-treaty basis, to determine, as to each reinsurance treaty under which Covered Policies have been ceded, whether as of the end of the immediately preceding calendar quarter (the valuation date) the

requirements of Rule 20.07(A)(3) and Rule 20.07(A)(4) were satisfied. The ceding insurer shall establish a liability equal to the excess of the credit for reinsurance taken over the amount of Primary Security actually held pursuant to Rule 20.07(A)(3), unless either:

(a) The requirements of Rule 20.07(A)(3) and Rule 20.07(A)(4) were fully satisfied as of the valuation date as to such reinsurance treaty; or

(b) Any deficiency has been eliminated before the due date of the Quarterly or Annual Statement to which the valuation date relates through the addition of Primary Security and/or Other Security, as the case may be, in such amount and in such form as would have caused the requirements of Rule 20.07(A)(3) and Rule 20.07(A)(4) to be fully satisfied as of the valuation date.

(3) Nothing in Rule 20.07(B)(2) shall be construed to allow a ceding company to maintain any deficiency under Rule 20.07(A)(3) or Rule 20.07(A)(4) for any period of time longer than is reasonably necessary to eliminate it.

Source: *Miss. Code Ann*. §§83-5-1; 83-7023; 83-19-151; 83-19-153 and 83-19-157 (Rev. 2011.

Rule 20.08. Severability

If any provision of this regulation is held invalid, the remainder shall not be affected.

Source: *Miss. Code Ann*. §§83-5-1 and 83-19-157 (Rev. 2011).

Rule 20.09. Prohibition against Avoidance

No insurer that has Covered Policies as to which this regulation applies (as set forth in Rule 20.03) shall take any action or series of actions, or enter into any transaction or arrangement or series of transactions or arrangements if the purpose of such action, transaction or arrangement or series thereof is to avoid the requirements of this regulation, or to circumvent its purpose and intent, as set forth in Rule 20.02.

Source: *Miss. Code Ann*. §§83-5-1 and 83-19-157 (Rev. 2011).

Rule 20.10. Effective Date

This regulation shall become effective thirty (30) days after filing, and shall pertain to all Covered Policies in force as of and after that date.

Source: *Miss. Code Ann.* § 25-43-3.113(2)(b)(i) (Rev. 2018); and § 83-5-1 (Rev. 2011).