

**Utah Insurance Department
Content Standards
Group Annuity**

These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all-inclusive and are a work in progress. References beginning with "31A" refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with "R590" refer to department rules as part of the Utah Administrative Code (U.A.C.). All references should be reviewed for compliance. As required by U.C.A. § 31A-21-201(2), *the insurer is responsible* for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.

FILING PROCEDURES		
Filing of Forms	31A-21-201 R590-227-5 R590-227-7	Forms are accepted on a "FILE AND USE" basis. It is the insurer's responsibility that the filing is in compliance with Utah law and rules.
Group Questionnaire	R590-227 Attachment	The questionnaire must be complete describing the particular group with any required attachments. Identify the nature of the contract, whether funds are allocated or unallocated, whether the funds are held in the general account or separate accounts, whether the contract is a Guaranteed Investment Contract (GIC) and the tax status.
Sample Data	R590-227-5	All filing information and data must be accurate, complete and consistent within all filing documents. The data page must contain amounts consistent with the actuarial memorandum and demonstration of values.
Variability - (bracketed data)	R590-227-6 R590-227-7	Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items contained within the brackets must be refiled prior to use.
GENERAL REQUIREMENTS		
Agency	31A-23a-410	The policyholder is considered an agent for the insurer if the policyholder performs certain functions for the insurer. An example of such functions is collecting premiums.
Amendments or Endorsements	31A-21-106(2)	The contract may not be modified unless the modification is in writing and agreed to by the party against whose interest the modification operates.
Application and Enrollment Form	31A-21-201(3)	The application and enrollment form must identify the insurer's name and address and state of domicile. The individual application or enrollment form must disclose that the individual is applying for group insurance and it must identify the master policyholder. The enrollment form may not contain vague health questions without a time limit. Negative enrollment or negative consent is not allowed.
Arbitration	31A-21-314 R590-122	An arbitration provision must be properly disclosed in the policy, certificate, application and enrollment forms. No provision may deprive Utah courts of jurisdiction over an action against an insurer, except as provided in permissible arbitration provisions.
Assignment	31A-22-412	Subject to the exceptions allowed in the code, the assignment provision must allow the owner of any rights in the contract to assign any of those rights.
Cash Surrender Option	31A-22-409(6) 31A-22-409(7)	The contract must clearly disclose the conditions for cash surrender.
Certificate	31A-21-311	An insurer issuing a group insurance policy must provide a certificate for each member of the insured group. The certificate must contain a summary of the essential features of the coverage including any rights of conversion to an individual policy.
Claims Settlement	31A-26-301(1) R590-191-4	All proceeds and claims settlement provisions must provide for prompt claim handling.
Coverage Name, Description & Special Features	31A-22-426	The cover page must contain a brief description on the cover page including the type of insurance, a significant limitation, any specific feature, and any limitation in the policy, contract or certificate.

Data Page	R590-227-7	Sample data page(s) must be accurate and complete with sample data to reflect the market intended. Data must disclose the interest rate methodology, including any guaranteed interest terms, investment strategies, index options, maximum surrender charge schedules, loads, market value adjustments, and any other factors available in the submitted form. As appropriate, submit one data page for each product design.
Death Benefit	31A-21-201(3) 31A-22-409	The policy must clearly describe the death benefit and how the proceeds are determined. The death benefit amount must be compliant with the Standard Nonforfeiture Law.
Death Claim Interest	31A-22-428 R590-191-5	Interest on the death proceeds is payable according to the date of issue.
Entire Contract Provision	31A-22-424	The contract and certificate must contain an entire contract provision that defines the documents and agreements that constitute the entire contract.
Examination Period	31A-22-423 R590-93	Subject to the exemptions in 41A-22-423(2), the certificate must provide an examination period of 10 days for new issues and 30 days for replacement policy is required. A refund of premium is required upon return of the policy within the examination period.
Group Types	31A-22 Part 5	An eligible group for a group may be one of the following groups: a. Employer group pursuant to 31A-22-501.1 b. Employee group pursuant to 31A-22-502 c. Labor union group pursuant to 31A-22-503 d. Trustee group pursuant to 31A-22-504 e. Association group pursuant to 31A-22-505 f. Creditor group pursuant to 31A-22-507 g. Credit union group pursuant to 31A-22-507 h. National guard group pursuant to 31A-22-508 i. Discretionary group specifically authorized by the commissioner in compliance with 31A-22-509 with provisions in compliance with applicable individual standards including 31A-22-409.
Incontestability	31A-22-514	Incontestability provision must state that if the contract is contestable, it is incontestable after it has been in force for a period of two years during the lifetime of the insured. The code does not allow an exception for fraud.
Incorporation by Reference	31A-21-106	Except as provided in 31A-21-106(1)(b), no policy may contain any agreement or incorporate any provision not fully set forth in the policy.
Insurer Name	31A-21-201(3)(a)(iii) 31A-21-301(1)(a)	The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the policy.
Interest Rates, Charges	31A-22-409	All guaranteed interest rates, surrender charges, and partial withdrawal charges, any initial guaranteed interest rates, and any other factors that may affect the values must be disclosed and described in the contract in detail. <u>U.C.A. § 31A-22-409(3) requires an annuity contract to contain sufficient information to determine the cash surrender value, death benefits, and minimum paid-up annuity benefits.</u> <u>U.C.A. § 31A-22-409(3) requires an annuity contract to contain sufficient information to determine the cash surrender value, the death benefit, and the minimum paid-up annuity benefits.</u> NOTE: If the minimum guaranteed crediting rate in any year is lower than the nonforfeiture rate, then the contract must: a. Disclose the nonforfeiture rate on the data page; b. Describe the nonforfeiture amount (the floor) in detail based on 87½% of the premium accumulated at the nonforfeiture rate; and c. Include a provision in the contract that the interest credited in any year will be sufficient to keep the values under the contract at least as great as the minimum nonforfeiture amount. d. Redetermination provision: If the nonforfeiture interest rate will be redetermined, the contract must state: the initial period, the redetermination dates, the redetermination basis, and the redetermination period. e. Indexed Annuities: The contract must identify all indexed options, terms, and factors. The <u>initial and subsequent factors</u> must be disclosed, including the:

		Minimum participation rate, Minimum interest rate cap, Maximum spread, and Any other factors.
Jurisdiction	31A-1-105(2) 31A-1-301 31A-21-101 Bulletin 87-7	Group contracts of insurance issued to nonresident policyholders (i.e., trusts or associations) and evidenced by certificates of insurance issued to Utah residents are subject to the commissioner's jurisdiction as the business of insurance under 31A-1-301 and 31A-1-105(2). The commissioner presumes by law to have jurisdiction over these activities unless the insurer can establish an exemption from regulation under 31A-1-103.
Limitation of Actions	31A-21-313 31A-21-314	Such provisions may not restrict the time for beginning an action to earlier than 60 days and no more than three years from the date the cause of action accrues. The provision may not deny Utah courts of jurisdiction. The provision cannot prescribe in what court an action may be brought.
Maturity Date	31A-21-301(1)(f) 31A-22-409	The maturity or annuitization date must be disclosed. The contract must clearly disclose whether or not the policyholder can select or change the maturity date.
Misstatement of Age and/or Sex	31A-22-405	Policy must state that if the age and/or sex of the insured is misstated in an application and the error is not adjusted during the person's lifetime, the amount payable is what the premium paid would have purchased at the correct age and/or sex.
Modification or Amendment of Contract	31A-21-106(2)	No contract, rider or endorsement may contain a unilateral provision that allows the company to limit the policyholder's rights. A contract may not be modified unless the modification is in writing and agreed to by the party against whose interest the modification operates.
Nonforfeiture Provisions	31A-22-409, Bulletin 2002-6 Bulletin 2006-5	The contract must contain provisions at least as favorable as the following: (a) Upon cessation of payments, the company will grant a paid-up annuity benefit. (b) A statement in the contract of the interest rates used in calculating the minimum paid-up annuity, cash surrender and death benefits guaranteed, together with sufficient information for the policyholder to determine the amounts of such benefits. The sufficient information includes all expense, withdrawal and surrender charges. (c) A statement that any paid-up annuity, cash surrender or death benefits that may be available under the contract are not less than the minimum benefits required by any law in state where the contract is delivered. (d) An explanation of the manner in which benefits are altered by the existence of any additional amounts credited by the company, any indebtedness or any prior withdrawals or partial surrenders.
Notice of Termination	31A-22-522	Policy requires policyholder to provide a notice of termination in writing 30 days prior to termination of coverage. Notice must include rights to convert.
Payment of Values	R590-98	A request for payment of values must be processed within the allowable time limit.
Premiums	31A-21-302	Premiums for the policy and for each rider must be clearly disclosed separately on the data pages. Policy fees and charges must be disclosed separately.
Proof of Loss	31A-21-312	Proof of loss provision must allow the insured or claimant to file the notice and/or proof of loss as soon as reasonably possible. Failure to file within the time specified does not invalidate a claim if the insured or claimant shows that it was not reasonably possible to file within the time specified and that notice and/or proof was filed as soon as reasonably possible. The provision <u>may not</u> state that in no event, except in the absence of legal capacity, may proof be filed later than the time proof is otherwise required.
Settlement Options	31A-22-406	If the policy provides that proceeds may be payable in installments that are determinable at the issue date of the policy then it shall provide a table showing the amounts and intervals of the installments.
Unfair, Misleading, Deceptive Provisions.	31A-21-201(3)(a)	Provisions may not be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The policy may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract.
Values	31A-22-409 31A-22-509 Bulletin 2002-6 Bulletin 2006-5	The Standard Nonforfeiture Law exempts group annuities other than a plan providing individual retirement accounts or individual retirement annuities under Section IRC 408 that are non-registered, general account contracts and fixed accounts in a group variable annuity subject to the law. A discretionary group annuity specifically authorized under UCA 31A-22-509 is subject to individual standards, including 31A-22-409. Guaranteed cash values must be in compliance with the Standard Nonforfeiture Law for Deferred Annuities.

		<p>U.C.A. § 31A-22-409(10) requires that on or past the maturity date, the cash surrender value must be equal to the amount used to determine annuity benefits. A surrender charge may not be imposed on or past this date. Surrender charges at the later of attained age 70 or the tenth anniversary must equal zero. Surrender charges for seniors (ages 60+) are limited to 10 years and are generally limited to a maximum initial charge of 10%.</p> <p>If the contract guarantees an interest rate of less than the nonforfeiture rate, then the contract must contain a floor of guaranteed minimum cash surrender values: such as 87.5% of premium accumulated at the nonforfeiture percentage (%) rate.</p> <p>All Equity Index Annuity contracts must provide a guaranteed minimum surrender values (floor) such as 87.5% of premium accumulated at the nonforfeiture (%) rate.</p> <p>A Market Value Adjustment (or similar adjustment) is allowed only during periods of fixed interest rate guarantees contained in the contract. A market value adjustment must be limited so as to not invade minimum nonforfeiture values required by the retrospective test of the nonforfeiture law.</p> <p>Renewing term annuities that renew surrender charges must provide that the ending term value becomes vested for subsequent terms. The contract must provide for a reasonable time period at renewal (a window) during which the contract can be surrendered free of surrender charges or any other penalties.</p> <p>Rolling surrender charges, flexible premium contracts with separate surrender charge schedules associated with each premium payment must provide values at least as great as separate single premium payments (the contract must provide a minimum of 90% of net premium accumulated at 3% interest). The contract partial withdrawal provision must allow for withdrawals subject to the smallest surrender penalty first (<u>commonly referred to as first-in first-out - FIFO</u>).</p> <p>Strategies and options: Contracts that contain multiple accounts, strategies and options with different guaranteed elements, must comply individually with the Standard Nonforfeiture Law. A sample data page must be submitted for each account, strategy and/or option.</p>
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ACTUARIAL DOCUMENTS

Actuarial Memorandum, Demonstration, and Certification of Compliance	31A-17 Part 5 31A-22-409 R590-227-6 R590-227-9	All group annuity filings must include an actuarial memorandum, demonstration, and certification of compliance with applicable Utah laws and rules. The actuary must identify the applicable nonforfeiture law under which the annuity complies.
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MARKETING and DISCLOSURE FORMS

Annual Report	R590-229	The report must include the beginning and ending dates, the account value and surrender value, and the amounts that have been credited or changed during the report periods.
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