

**CHAPTER 83. DISCLOSURES IN SOLICITATION OF LIFE INSURANCE**

<b>Subchap.</b>	<b>Sec.</b>
<b>A. REQUIRED DISCLOSURES IN THE SOLICITATION OF LIFE INSURANCE .....</b>	<b>83.1</b>
<b>B. COST DISCLOSURES IN THE SOLICITATION OF LIFE INSURANCE .....</b>	<b>83.51</b>

**Authority**

The provisions of this Chapter 83 issued under The Insurance Company Law of 1921 (40 P. S. §§ 472, 473 and 475); The Insurance Department Act of 1921 (40 P. S. § 1-297.4); sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 66, 186, 411 and 412); The Insurance Unfair Practices Act (40 P. S. §§ 1151—1162) (repealed 1974); and sections 2, 4, 5 and 9 of the Unfair Insurance Practices Act (40 P. S. §§ 1171.2, 1171.4, 1171.5 and 1171.9), unless otherwise noted.

**Source**

The provisions of this Chapter 83 adopted April 5, 1974, effective April 9, 1974, 4 Pa.B. 661; amended June 14, 1975, effective June 15, 1975, 5 Pa.B. 1551, unless otherwise noted.

**Notes of Decisions**

The Insurance Commissioner was authorized by the Unfair Insurance Practices Act to promulgate the provisions of 31 Pa. Code Chapter 83 (relating to disclosures in solicitation of life insurance). *Pennsylvania Association of Life Underwriters v. Insurance Department*, 371 A.2d 564 (Pa. Cmwlth. 1977).

Since the legislature did not intend for the Commissioner to have the power to promulgate regulations imposing affirmative duties of disclosure on an industry-wide basis, the Commissioner had no authority to promulgate the provisions of 31 Pa. Code Chapter 83 (relating to disclosures in solicitation of life insurance). *Pennsylvania Association of Life Underwriters v. Insurance Department*, 393 A.2d 1131 (Pa. 1978) (Dissenting Opinion).

**Cross References**

This chapter cited in 31 Pa. Code § 87.13 (relating to modified premium life insurance policies); and 31 Pa. Code § 90c.18 (relating to applications intended for use in mail order solicitations of life insurance).

**Subchapter A. REQUIRED DISCLOSURES IN THE SOLICITATION OF LIFE INSURANCE**

- 83.1. Purpose.
- 83.2. Applicability.
- 83.3. Disclosure statement.
- 83.4. Time of delivery.
- 83.4a. Certification of disclosure statement delivery.
- 83.4b. Maintenance of disclosure statement delivery certification.

- 83.4c. Certification of disclosure statement delivery by direct-response or mail-order insurers.
- 83.5. Effect on other insurance laws or regulations.
- 83.6. Penalties.

#### Cross References

This subchapter cited in 31 Pa. Code § 90c.18 (relating to applications intended for use in mail order solicitations of life insurance); 31 Pa. Code § 90f.15 (relating to disclosure and benefit payment notice); and 31 Pa. Code § 90g.15 (relating to disclosure and benefit payment notice).

### § 83.1. Purpose.

(a) This subchapter protects the purchaser from misrepresentation, unfair comparison and deceptive and misleading sales methods in the solicitation of life insurance by setting standards for disclosure of minimal information pertinent to a life insurance contract.

(b) This subchapter is not intended to prohibit a life insurance agent or insurer from using additional solicitation material which is not in violation of this chapter, applicable Commonwealth statutes or other applicable provisions of this title.

### § 83.2. Applicability.

(a) This subchapter applies to insurance companies authorized to transact the business of life insurance in this Commonwealth as regards solicitation of the sale of insurance on the life of a Commonwealth resident unless excluded in subsection (b). This subchapter equally applies to fraternal benefit societies authorized to transact the business of life insurance in this Commonwealth and employing representatives licensed as agents or brokers or selling life insurance on a direct-response or mail-order basis. When the cost of life insurance coverage is borne in part by the employer of the insured, the required disclosures may be made at representative ages of not to exceed 10-year age intervals in lieu of a disclosure at all applicable ages.

(b) This subchapter is not applicable to the following kinds of insurance:

- (1) Annuities.
- (2) Group life insurance.
- (3) Credit life insurance.
- (4) Life insurance of \$1,000 or less.
- (5) Substandard solicitations to the extent the agent or company do not reasonably know the pertinent information at the time the presentation is made to a prospective insured.
- (6) Life insurance issued in connection with qualified funded pension plans and qualified retirement plans.
- (7) Life insurance issued as a result of a contractual policy change or conversion provision.

- (8) Life insurance where the cost is borne in whole by the employer of the insured.
- (9) Variable life insurance.

**Source**

The provisions of this § 83.2 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42666).

**§ 83.3. Disclosure statement.**

(a) *Required written disclosure.* A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. If the Appendix A disclosure statement will be used, a letter to that effect, prior to use, is adequate notification to the Department. However, if a statement different than Appendix A will be used, the statement shall be filed with the Department for review prior to use. If an insurer desires to use an advertisement as its disclosure statement, the portion of the advertisement containing the disclosure statement shall be filed for review prior to use. A disclosure statement shall be a document which shall describe the purpose and importance of the disclosure and describe the significant elements of the policy and riders being offered.

- (1) A statement that the disclosure is for the insured's protection, provides basic information about the cost and coverage of the insurance and should be read carefully.
- (2) A statement that the disclosure statement may not be considered as an offer to contract or as altering or modifying any policy or rider that might be issued.
- (3) The name, age and sex of the proposed insured, to the extent that each is known or can reasonably become known to the company, broker or agent at the time of presentation.
- (4) Source of insurance, including the following:
  - (i) If applicable, the name of the agent or broker, home address or agency address and the home or agency telephone number of the insurance agent or broker making the solicitation.
  - (ii) The name and home address (city and state) of the insurer to whom applications will be made and a mailing address of the insurer's home, executive or administrative office to which correspondence should be addressed.
- (5) Information about the basic policy, rider or supplemental benefit built into the policy, such as descriptive title, as "whole life, 20 year decreasing term, endowment at age 65," and the like.
- (6) Amount of coverage and benefits offered.

- (i) Separately for each basic policy, rider and supplemental benefit built into the policy.
    - (A) The face amount of coverage; if not applicable, a description of the coverage.
    - (B) If the face amount of coverage changes (other than through the exercise of dividend options), an explanation as to what changes will occur and when, as “coverage reduces \$100 per month till age 65 when the coverage expires.”
  - (ii) Retirement income. If the policy is one primarily designated to pay a guaranteed income, the monthly income payable for life with a ten-year period certain at the appropriate age.
  - (iii) Cash surrender value.
    - (A) In policies which develop such values, the applicable amount of cash surrender value per \$1,000 or face amount at the end of 5, 10 and 20 policy years and at age 65.
    - (B) If a loan option is available, the annual percentage loan interest charge.
- (7) Premiums.
- (i) Separately for each basic policy and rider:
    - (A) Annual premium; if not known, premium for mode quoted to prospect.
    - (B) If the premium quoted in clause (A) changes other than by the exercise of an option contained in the policy such as a right of renewal of a term life insurance policy or the exercise of a dividend option:
      - (I) If one premium changes, the ultimate premium and the effective time.
      - (II) If more than one premium changes, two representative premiums and the ultimate premium and the effective time of each such change; or an explanation as to what changes will occur, as “Amount of premium increases 3% each year” and the ultimate premium and the effective time.
    - (C) If the policy contains supplemental built-in benefits, a statement that the cost for such benefits is included in the premium for the policy.
  - (ii) Total initial annual premium for the policy and rider. If not known, total initial premium for the policy and rider for the payment mode quoted to prospect.
- (8) Dividends payable.
- (i) If the company chooses to show illustrations, a statement that illustrated dividends are not a guarantee of what future dividends will be.
  - (ii) If a payment of a dividend is contingent upon the payment of the next premium due, a statement to this effect.
  - (iii) Dividend illustrations used shall be for policy years 10 and 20 per \$1,000 or face amount. A statement that the dividend illustrations will be

based on current interest, mortality, and expense experience of the company as reflected in the dividends currently paid and will pertain to the policy or rider being solicited.

(9) Surrender comparison index for policies.

(i) A disclosure that a surrender comparison index will be provided upon delivery of the policy or earlier if requested. If requested earlier, the index disclosure must be provided as soon as reasonably possible. This requirement is not applicable to the following kinds of insurance:

(A) Annuities.

(B) Group life insurance.

(C) Credit life insurance.

(D) Life insurance of less than \$5,000.

(E) Life insurance on substandard risks.

(F) Life insurance issued in connection with qualified funded pension plans and qualified retirement plans.

(G) Life insurance issued as a result of a contractual policy change or conversion provision.

(H) Life insurance where the cost is borne in whole or in part by the employer of the insured.

(I) Policies having a varying face amount (resulting from other than the application of dividends).

(J) Variable life insurance.

(K) Family policies.

(L) Term policies.

(M) Riders.

(ii) A provision for the election of earlier delivery.

(iii) A brief explanation of what the surrender comparison index is.

(10) Upon request, the company, fraternal benefit society, or agent, if applicable, will furnish the prospective insured with additional information about the insurance described.

(b) *Appendix A*. Italicized material in the Appendix A disclosure statement has been included for explanatory purposes only and shall not appear in copies of Appendix A used by insurers. Insurer's Appendix A form should only indicate applicable terminology or designation in lieu of italicized material.

#### Source

The provisions of this § 83.3 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial pages (42667) to (42669).

#### Cross References

This section cited in 31 Pa. Code § 81.6 (relating to duties of insurers that use agents or brokers); and 31 Pa. Code § 90c.18 (relating to applications intended for use in mail order solicitations of life insurance).

**§ 83.4. Time of delivery.**

Except as otherwise provided herein, the written disclosure statement shall be given no later than the time that the application form is signed by the applicant.

**§ 83.4a. Certification of disclosure statement delivery.**

The agent shall submit to the insurer with or as a part of the application for life insurance a statement, signed by him, certifying that the written disclosure statement was given no later than the time that the application was signed by the applicant.

**Source**

The provisions of this § 83.4a adopted August 24, 1979, effective March 1, 1980, 9 Pa.B. 2885; amended December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42670).

**§ 83.4b. Maintenance of disclosure statement delivery certification.**

The insurer shall maintain the agent's certification of disclosure statement delivery in its appropriate files for at least 3 years or until the conclusion of the next succeeding regular examination by the Insurance Department of its domicile, whichever is later. The absence of the agent's certification from the appropriate files of the insurer shall constitute prima facie evidence that no disclosure statement was provided to the prospective purchaser of life insurance.

**Source**

The provisions of this § 83.4b adopted August 24, 1979, effective March 1, 1980, 9 Pa.B. 2885; amended December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42670).

**§ 83.4c. Certification of disclosure statement delivery by direct-response or mail-order insurers.**

The appropriate officer of each direct-response or mail-order insurer shall certify, in conjunction with the annual statement of the insurer, that all written disclosure statements have been provided in accordance with this subchapter. Failure to so certify shall constitute prima facie evidence that written disclosure statements have not been provided to prospective purchasers of life insurance.

**Source**

The provisions of this § 83.4c adopted August 24, 1979, effective March 1, 1980, 9 Pa.B. 2885; amended December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42671).

**§ 83.5. Effect on other insurance laws or regulations.**

This subchapter does not limit the authority of the Commissioner or the responsibilities of an individual or entity selling insurance under another chapter or law, unless such is specifically stated in the body of that chapter or law.

**§ 83.6. Penalties.**

(a) For failing to make adequate disclosure of basic information about the product being sold, after an administrative hearing as provided by law, an agent or broker may be subject to the penalties provided in section 639 of The Insurance Department Act of one thousand nine hundred and twenty-one (40 P. S. § 279) for conduct that would disqualify an agent or broker from the initial issuance of a license under section 603 or section 622 of that act (40 P. S. § 233 or § 252).

(b) For failing to insure adequate disclosure of basic information about the product being sold, after a hearing as provided by law, a company may be subject to the penalties provided in section 350 of The Insurance Company Law of 1921 (40 P. S. § 475) for violations of sections 347—349 of The Insurance Company Law of 1921 (40 P. S. §§ 472—474).

(c) For failing to insure adequate disclosure of basic information about the product being sold, after a hearing as provided by law, a fraternal benefit society may be subject to the penalties provided in sections 817(b) and 904(d) of the Fraternal Benefit Society Code (40 P. S. §§ 1141-817(b) and 1141-904(d)).

(d) In addition to subsections (a)—(c), failure to make the disclosure outlined in this subchapter may be considered a violation of the Unfair Insurance Practices Act (40 P. S. §§ 1171.1—1171.15).

**Source**

The provisions of this § 83.6 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial pages (42671) to (42672).

**Subchapter B. COST DISCLOSURES IN THE SOLICITATION  
OF LIFE INSURANCE**

Sec.	
83.51.	Purpose.
83.52.	Applicability.
83.53.	Calculation of Surrender Comparison Index.
83.54.	Additional methods of comparison.
83.55.	Delivery.
83.55a.	Certification of surrender comparison index disclosure delivery.
83.55b.	Maintenance of surrender comparison index disclosure delivery certification.
83.55c.	Certification of surrender comparison index disclosure delivery by insurers delivering policies by mail.

83.56. Effect on other insurance laws or regulations.

83.57. Penalties.

#### **Cross References**

This subchapter cited in 31 Pa. Code § 90c.18 (relating to applications intended for use in mail order solicitations of life insurance).

#### **§ 83.51. Purpose.**

The interest adjusted method at 5% shall be used to provide a 10-year and 20-year surrender comparison index per \$1,000 of face amount of basic insurance. The index shall be based on the premise that the policy will be surrendered at the end of 10 years and 20 years. This index will provide the purchaser of life insurance with a means of making a cost comparison of the same type life insurance policies having the same premium payment period and pattern. This subchapter is not intended to prohibit a life insurance agent or insurer from providing additional means to make cost comparison which are not in violation of this subchapter, applicable Commonwealth statutes or this title.

#### **Source**

The provisions of this § 83.51 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42672).

#### **§ 83.52. Applicability.**

(a) This subchapter applies to insurance companies authorized to transact the business of life insurance in this Commonwealth as regards solicitation of the sale of insurance on the life of a Commonwealth resident unless excluded in subsection (b). This subchapter equally applies to fraternal benefit societies authorized to transact the business of life insurance in this Commonwealth and employing representatives licensed as agents or brokers or selling life insurance on a direct-response or mail-order basis.

(b) This subchapter is not applicable to the following kinds of insurance:

- (1) Annuities.
- (2) Group life insurance.
- (3) Credit life insurance.
- (4) Life insurance of less than \$5,000.
- (5) Life insurance on substandard risks.
- (6) Life insurance issued in connection with qualified funded pension plans and qualified retirement plans.
- (7) Life insurance issued as a result of a contractual policy change or conversion provision.
- (8) Life insurance where the cost is borne in whole or in part by the employer of the insured.

- (9) Policies having a varying face amount, resulting from other than the application of dividends.
- (10) Variable life insurance.
- (11) Family policies.
- (12) Term policies.
- (13) Riders.

**Source**

The provisions of this § 83.52 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42673).

**§ 83.53. Calculation of Surrender Comparison Index.**

(a) Calculation of Surrender Comparison Index After Ten Years shall be performed in the following manner:

(1) *Step 1.* Accumulate the annual premiums for the basic policy, excluding all built-in benefits and riders, at 5% interest compounded annually for 10 years. For level premium policies:

$$\text{Accumulated premiums} = \text{level annual premium} \times 13.207.$$

(2) *Step 2.* Accumulate the annual dividends, if any, at 5% interest compounded annually for 10 years. Include termination dividend after 10 years.

(3) *Step 3.* Determine the cash value after 10 years.

(4) *Step 4.* Step 4 shall be based on the following formula:

Surrender Comparison Index after ten years= (5.0%)	Accumulated Premiums (Step 1)	minus	Accumulated Dividends (Step 2)	minus	Cash Value (Step 3)

$$13.207 \times \text{Face Amount of Policy} - 1000$$

(b) Calculation of Surrender Comparison Index After 20 years shall be performed in the following manner:

(1) *Step 1.* Accumulate the annual premiums for the basic policy, excluding all built-in benefits and riders, at 5% interest compounded annually for 20 years. For level premium policies:

$$\text{Accumulated premiums} = \text{level annual premium} \times 34.719.$$

(2) *Step 2.* Accumulate the annual dividends, if any, at 5% interest compounded annually for 20 years. Include any termination dividend after 20 years.

(3) *Step 3.* Determine the cash value after 20 years.

(4) *Step 4.* This step shall be based on the following formula:

Surrender Comparison Index after 20 years= (5%)	Accumulated Premiums (Step 1)	minus	Accumulated Dividends (Step 2)	minus	Cash Value (Step 3)
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$$34.719 \times \text{Face Amount of Policy} - 1000$$

(c) Factors to be excluded from computation of the Surrender Comparison Index:

Supplemental built-in benefits—As accurate as possible a calculation of the cost of such built-in benefits as accidental death, premium waiver, guaranteed insurability and disability monthly income, shall be subtracted from the annual premium prior to calculating the index.

**Source**

The provisions of this § 83.53 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial pages (42674) to (42675).

**§ 83.54. Additional methods of comparison.**

In addition to the method required by this subchapter, additional methods of cost comparison will be permitted provided that a method chosen takes into account an interest based on 5% that recognizes the times of payment. Prior to the use of an additional method, it shall be filed with the Department for review. Traditional net cost comparison methods are prohibited.

**Source**

The provisions of this § 83.54 amended December 14, 1979, effective December 15, 1979, 9 Pa.B. 4051. Immediately preceding text appears at serial page (42675).

**§ 83.55. Delivery.**

(a) The Surrender Comparison Index Disclosure shall be given as a separate document upon delivery of the policy or earlier if requested by the life insurance applicant. If requested earlier, the index disclosure shall be provided as soon as reasonably possible.

(b) A disclosure that is minimally satisfactory to the Insurance Department is set forth in Appendix B. If the Appendix B disclosure will be used, a letter to that effect, prior to use, is adequate notification to the Department. However, if a disclosure different than Appendix B will be used, it must be filed with the Department for review prior to use.

(c) The Surrender Comparison Index Disclosure shall describe:

- (1) The name, age and sex of the insured.
- (2) The face amount of the policy.

- (3) The descriptive title of the policy, as “whole life, 20 year decreasing term, endowment at age 65,” and so forth.
  - (4) The policy number of policy.
  - (5) The 10-year Surrender Index and 20-year Surrender Index per \$1,000 of face amount of basic insurance.
  - (6) If applicable, the amount of the equivalent level annual dividend and termination dividend reflected in each Index.
  - (7) If applicable, the dividend scale on which the reflected dividends are based.
  - (8) An explanation of the purpose and use of the Surrender Comparison Index.
- (d) Italicized material in the Appendix B disclosure statement has been included for explanatory purposes only and may not appear in copies of Appendix B used by insurers. Insurer’s Appendix B form should only indicate applicable terminology or designation in lieu of italicized material.

#### Source

The provisions of this § 83.55 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial pages (42675) and (42676).

#### Cross References

This section cited in 31 Pa. Code § 90c.18 (relating to applications intended for use in mail order solicitations of life insurance).

### **§ 83.55a. Certification of surrender comparison index disclosure delivery.**

The agent shall submit to the insurer a statement, signed by him, certifying that the surrender comparison index disclosure was given upon delivery of the policy or earlier at the request of the life insurance applicant.

#### Source

The provisions of this § 83.55a adopted August 24, 1979, effective March 1, 1980, 9 Pa.B. 2885; amended December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42676).

### **§ 83.55b. Maintenance of surrender comparison index disclosure delivery certification.**

The insurer shall maintain the agent’s certification of surrender comparison index disclosure delivery in its appropriate files for at least 3 years or until the conclusion of the next succeeding regular examination by the insurance department of its domicile, whichever is later. The absence of the agent’s certification from the appropriate files of the insurer shall constitute prima facie evidence that no surrender comparison index disclosure was provided to the prospective purchaser of life insurance.

**Source**

The provisions of this § 83.55b adopted August 24, 1979, effective March 1, 1980, 9 Pa.B. 2885; amended December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42676).

**§ 83.55c. Certification of surrender comparison index disclosure delivery by insurers delivering policies by mail.**

If it is the practice of the insurer to mail the policy directly to the applicant, the appropriate officer of the insurer shall certify, in conjunction with the annual statement of the insurer, that in accordance with this subchapter surrender comparison index disclosures have been included with policies at delivery or provided earlier upon request. Failure to so certify shall constitute prima facie evidence that surrender comparison index disclosures have not been provided to prospective purchasers of life insurance.

**Source**

The provisions of this § 83.55c adopted August 24, 1979, effective March 1, 1980; amended December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (42677).

**§ 83.56. Effect on other insurance laws or regulations.**

This subchapter does not limit the authority of the Commissioner or the responsibilities of an individual or entity selling insurance under another chapter or law, unless such is specifically stated in the body of that chapter or law.

**§ 83.57. Penalties.**

(a) For failing to make adequate disclosure of basic information about the product being sold, after an administrative hearing as provided by law, an agent or broker may be subject to the penalties provided in section 639 of The Insurance Department Act of one thousand nine hundred and twenty-one (40 P. S. § 279) for conduct that would disqualify an agent from the initial issuance of a license under section 603 of that act (40 P. S. § 233) and for misrepresenting the terms of an insurance policy, a violation of section 637 of The Insurance Department Act of one thousand nine hundred and twenty-one (40 P. S. § 277).

(b) For failing to insure adequate disclosure of basic information about the product being sold, after a hearing as provided by law, a company may be subject to the penalties provided in section 350 of The Insurance Company Law of 1921 (40 P. S. § 475) for violations of sections 347—349 of that act (40 P. S. §§ 472—474).

(c) For failing to insure adequate disclosure of basic information about the product being sold, after a hearing as provided by law, a fraternal benefit society may be subject to the penalties provided in sections 817(b) and 904(d) of the Fraternal Benefit Society Code (40 P. S. §§ 1141-817(b) and 1141-904(d)).

(d) In addition to subsections (a)—(c), failure to make the disclosure outlined in this subchapter may be considered a violation of the Unfair Insurance Practices Act (40 P. S. §§ 1171.1—1171.15).

**Source**

The provisions of this § 83.57 amended through December 28, 1979, effective March 1, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial pages (42677) to (42678).

**APPENDIX A**

**DISCLOSURE STATEMENT**

THIS DISCLOSURE STATEMENT WITH ALL APPLICABLE BLANKS FILLED IN IS FOR YOUR PROTECTION. IT GIVES YOU BASIC INFORMATION ABOUT THE COST AND COVERAGE OF THE INSURANCE BEING SOLICITED. READ IT CAREFULLY BEFORE SIGNING ANY AGREEMENT TO BUY LIFE INSURANCE.

THIS DISCLOSURE STATEMENT SHALL NOT BE CONSIDERED AS AN OFFER TO CONTRACT OR AS ALTERING OR MODIFYING ANY POLICY OR RIDER THAT MAY BE ISSUED.

Name of Proposed Insured \_\_\_\_\_ Age \_\_\_\_\_ Sex \_\_\_\_\_  
 \*Name of Agent preparing disclosure \_\_\_\_\_  
 \*Agent home or agency address \_\_\_\_\_  
 \*Telephone number of Agent \_\_\_\_\_  
 Name of Insurer \_\_\_\_\_  
 Home Office Address of Insurer (City & State) \_\_\_\_\_  
 Direct all correspondence to (Insurer's home, executive or administrative office) \_\_\_\_\_

Descriptive Title of Coverage	Face Amount of Coverage (1) If not applicable, Description of Coverage	Annual Premium If not known, Premium for Mode Quoted (2)
*Policy		
*Rider(s)		
*Supplemental Benefit(s) (Built into policy)		The cost is included in the premium for the policy.

\*(1) The face amount of coverage of the (policy, rider, supplemental benefit) changes as follows \_\_\_\_\_

\*(2) The premium for the (policy, rider) changes; the ultimate (annual, monthly, etc.) premium will be \_\_\_\_\_ at \_\_\_\_\_ policy year (age) [or representative (annual, monthly, etc.) premiums will be \_\_\_\_\_ and \_\_\_\_\_, and the ultimate (annual, monthly, etc.) premium will be \_\_\_\_\_ at \_\_\_\_\_ and \_\_\_\_\_ and \_\_\_\_\_ policy years (ages) respectively] [or the premium will (increase 30% each year) and the ultimate (annual, monthly, etc.) premium will be \_\_\_\_\_ at \_\_\_\_\_ policy year (age).]

Total (Initial) (annual, monthly, etc.) premium for the policy and rider will be \_\_\_\_\_.

\*Retirement Income. Your policy is designed to pay a guaranteed retirement income of \$ \_\_\_\_\_ starting at (age, year) for (life), but not for less than 10 years.

\*Guaranteed Cash Value. If you continuously pay your premiums on this policy as they come due, you will have the following guaranteed cash value for each \$1,000 (or face amount). \*You may borrow against this cash value at an annual \_\_\_\_\_ % loan interest charge.

Number of Years Policy Has Been in Force	5	10	20	age 45
Total Accumulated Cash Value per \$1,000 (or Total Face Amount)				

\*Dividends. The following is a dividend illustration for your policy based on the current interest, mortality and expense experience of the company as reflected in the dividends currently paid. However, the illustrations are not a guarantee of what future dividends will be. \*Payment of a dividend is contingent upon the payment of the next premium due.

Number of Years Policy Has Been in Force	10	20
Illustrated Dividend for that Individual Year per \$1,000 (or Face Amount)		

\*A Surrender Comparison Index will be provided upon delivery of the policy or earlier if requested. This Index provides one means of comparing the relative costs of two or more similar policies.

\*The prospective insured has \_\_\_\_\_ has not \_\_\_\_\_ requested an earlier delivery of the Index.

Upon request either the company or agent will furnish you with additional information about the insurance described.

\*If inapplicable to insurance being offered, section may be deleted entirely or clearly marked "Not Applicable".

**Cross References**

This appendix cited in 31 Pa. Code § 83.3 (relating to disclosure statement).

**APPENDIX B****Surrender Comparison Index Disclosure  
Per \$1,000 of Face Amount of Basic Insurance**

Name of Insurer \_\_\_\_\_  
 Name of Insured \_\_\_\_\_ Age \_\_\_\_\_ Sex \_\_\_\_\_  
 Face Amount of Policy \_\_\_\_\_  
 Descriptive Title of Policy (*Whole Life, 20 year decreasing term, endowment at age 65*)  
 Policy Number.....

10 Year Surrender Index: \_\_\_\_\_ \*(reflects equivalent level annual dividend and a termination dividend in the total amount of \_\_\_\_\_)

20 Year Surrender Index: \_\_\_\_\_ \*(reflects equivalent level annual dividend and a termination dividend in the total amount of \_\_\_\_\_)

\*Based on 19 \_\_ Dividend Scale. Dividends are not guaranteed and are subject to change.

The Surrender Comparison Index was designed to measure the relative cost of life insurance protection and may be useful for comparison of similar policies offered by other companies. Technically, the Index shows the relationship between the amounts paid by the insured (the average annual premiums minus any average annual dividend) and the amounts paid by the insurer (the cash value of the policy in the event of surrender over periods of 10 and 20 years all adjusted for compound interest at the rate of four percent per annum to reflect the timing of the payments).

\*The Index reflects illustrative dividends based upon the current year's dividend scale. In the case of participating life insurance policies, the Index may change since future dividends are subject to change depending on the company's experience. If future dividends increase within the 10 or 20 year period, the Index will be lower; if dividends decrease, the Index will be higher.

When comparing similar policies, if all things are equal, the policy with the lower Index is generally the lower cost policy and the better buy in the event that the policy was surrendered at the end of the designated period. If death would occur during the designated period, the policy with the lower Index would not necessarily be the lower cost policy. The Index does not take into account, among other things (1) the value of the services of an agent or company; (2) the relative strength and reputation of the company; and (3) small differences in policy provisions. The Index does assume that annual premiums are paid, \*that dividends are taken in cash or applied to premiums, and that no additional benefit provisions are included.

\*If inapplicable, section may be deleted entirely or clearly marked "Not Applicable."

**Cross References**

This appendix cited in 31 Pa. Code § 83.55 (relating to delivery).

[Next page is 84-1.]

83-16