

**CHAPTER 87. REQUIREMENTS FOR CERTAIN LIFE
INSURANCE POLICIES AND SALES PRACTICES****GENERAL PROVISIONS**

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Authority

The provisions of this Chapter 87 issued under sections 635 and 637—639 of The Insurance Department Act of 1921 (40 P. S. §§ 275 and 277—279); sections 346—348, 350, 353, 354 and 410 of The Insurance Company Law of 1921 (40 P. S. §§ 471—473, 475, 477a, 477b and 510); and The Insurance Unfair Practices Act (40 P. S. §§ 1151—1162), unless otherwise noted.

Source

The provisions of this Chapter 87 adopted January 26, 1969, unless otherwise noted.

GENERAL PROVISIONS**§ 87.1. Definitions.**

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Charter policy—A form of life insurance policy, usually issued by a newly organized company, which is sold on the basis that its availability will be limited to a specific predetermined number of units of a fixed dollar amount and which generally provides that the policyholder shall participate in the earnings resulting from either the participating policies or the nonparticipating policies sold by the company, or perhaps both. The prospective purchaser is led to believe that he will receive a special advantage in any future distribution of earnings, profits, dividends or abatement of premium not available to those persons holding other types of policies issued by the company.

Department—The Insurance Department of the Commonwealth.

Profit-sharing policy—That form of life insurance policy which contains provisions representing or tending to create the understanding that the policyholder will be eligible to participate, with a special advantage not available to the persons holding other types of policies issued by the same company, in any future distribution of general corporate profits, as distinguished from a refund of the excess premiums paid by that policyholder.

§ 87.2. Purpose.

(a) This chapter identifies and prohibits certain acts, practices and contract forms which the Department considers to be unfair, deceptive and unsound methods of transacting the business of life insurance in this Commonwealth, and to establish certain requirements in the solicitation and sale of life insurance buying to the end that policyholders and the insurance-buying public may not be misinformed or misled concerning contracts of life insurance or annuities purchased by them.

(b) This chapter serves the best interests of the public and is not directed at a particular company or group of companies or agent or group of agents.

§ 87.3. Guaranteed annual endowments.

(a) A life insurance policy containing a series of pure guaranteed annual endowments evidenced by coupons, passbooks or similar devices generally identified with investment or banking operations will not be approved for use and the policy heretofore approved may not be issued or delivered in this Commonwealth on or after February 26, 1968.

(b) Another life insurance policy containing a series of pure guaranteed annual endowments will not be approved for use and the policy heretofore approved may not be issued or delivered in this Commonwealth on or after February 26, 1968, unless all of the following requirements are satisfied:

(1) The gross premium for the pure guaranteed annual endowment benefit shall be shown prominently and separately in the policy, distinct from the gross premium for the life insurance benefit.

(2) The insured shall be entitled to withdraw the pure guaranteed annual endowments not less frequently than at the end of the second policy year and at the end of each policy year thereafter. The amount of the endowments available for withdrawal may not be less than the aggregate premium paid for the endowments less any prior withdrawals.

(3) Payment of a pure guaranteed annual endowment may not be made contingent upon the payment of premiums falling due on or after the time the pure guaranteed annual endowment benefit has matured.

(4) The separately stated gross premium for the series of pure guaranteed annual endowments shall be based on reasonable assumptions and shall be consistent with the basic policy form as to interest, mortality and expense.

(5) The amount of each of the pure guaranteed annual endowments shall be expressed in dollars, both in the policy and in sales or advertising material relating thereto, not as a percentage of a premium or benefit.

(6) A pure guaranteed annual endowment may not be described, either in the policy or in sales or advertising material, as anything other than a guaranteed benefit for which a premium is being paid by the policyholder.

(7) At the time the policy form is filed with the Department for approval, it shall be accompanied by the materials, including any sales presentation "kit" which the insurance company proposes to use in connection with the policy.

(c) Nothing in subsection (a) or (b) may apply to a policy in which the amount of a pure endowment or periodic benefit or benefits payable during a policy year is greater than the total annual premium for the year.

§ 87.4. Charter policy prohibited.

(a) Charter policies are an unfair method of competition. They purport to offer certain benefits which are not authorized by statute and are without reason-

able expectation of achievement. The policies misrepresent the responsibility and obligation of an insurance company for the equitable distribution of dividends or abatement of premiums.

(b) A charter policy may not be approved for use and a charter policy heretofore approved may not be issued or delivered in this Commonwealth on or after February 26, 1968.

§ 87.5. Profit-sharing policy prohibited.

(a) Profit-sharing policies are not permitted by statute and no profit-sharing policy will be approved for use and no profit-sharing policy heretofore approved shall be issued or delivered in this Commonwealth on or after February 26, 1968.

(b) Nothing contained in subsection (a) is intended to apply to variable annuity contracts to the extent that such are permitted under the laws of the Commonwealth and prescribed in Chapter 85 (relating to variable annuity and variable accumulation annuity contracts).

§ 87.6. Policy name or title.

An insurance company, insurance agent or insurance company representative may not deliver within this Commonwealth, or issue for delivery within this Commonwealth, a policy of life insurance without the use of the words "life insurance" in its name or title or the use of other language clearly indicating that the policy is a policy of life insurance.

§ 87.7. Use of certain terms.

The use of the terms "Investment," "Investment Plan," "Expansion Plan," "Profit," "Profits," "Profit-Sharing," and other similar terms in connection with a policy of life insurance or an annuity contract in a context or under such circumstances or conditions as to have the capacity or tendency to mislead a purchaser or prospective purchaser of the policy or contract to believe that he will receive, or that it is possible that he will receive, something other than a life insurance policy or annuity contract or some benefit not provided in the policy or contract or some benefit not available to other persons of the same class and equal expectation of life is unlawful and is prohibited.

§ 87.8. Twisting.

An insurance company, insurance agent, insurance broker, solicitor or insurance company representative may not, as a competitive or twisting device, inform a policyholder or prospective policyholder that an insurance company was required to change a policy form or related material to comply with this chapter.

§ 87.9. Mutual funds.

(a) A life insurance company licensed in this Commonwealth and planning to merchandise mutual funds shall, prior to the merchandising, file with the Department complete details of the plan.

(b) If, after review, the Department finds the merchandising plan unobjectionable, it shall notify the insurance company in writing of the finding.

Source

The provisions of this § 87.9 adopted September 18, 1969.

§ 87.10. Penalties.

A violation of this chapter by whatever means, including but not being limited to the use of certain policy forms or presentations, whether involving language or illustrations disseminated by means of sales kits, policy jackets or covers, letters, personal confrontations, visual aids or other media, shall be deemed to be a violation of the insurance laws of the Commonwealth and shall subject a person, firm or corporation so violating this chapter to the penalties provided by law.

§ 87.11. Existing policies and contracts.

This chapter does not affect the validity of any life insurance policy or annuity contract in force on the effective date hereof. However, the previous approval by the Department of any form of life insurance policy or annuity contract prohibited by this chapter was withdrawn, effective February 26, 1968, and the policy or contract may not be sold after that date.

§ 87.12. Limited benefit life policies.

(a) The Insurance Commissioner has disapproved any further issue of limited benefit life policies. Limited benefit life policies are those plans which provide only the following or similar coverages during certain specified periods.

(1) For natural death during a specified period, a return of premiums plus interest.

(2) For accidental death during the specified period, the face amount of the policy.

(3) For death from any cause after the specified period, the face amount of the policy.

(b) This type of policy purports to offer life insurance coverage when it does not do so during the initial period, lends itself to misrepresentation, has the capacity and tendency to mislead the purchaser, fails to provide the coverage, benefits and provisions required by law and, therefore, is contrary to the public interest.

(c) A life insurance policy where the benefits payable are not at least as great as the following shall be considered a limited benefit life policy, and thereby prohibited by subsection (a):

- (1) The death benefit is level in the fourth and subsequent years; the amount of this death benefit is known as ultimate amount.
 - (2) The death benefit in the first year is more than 120% of the total gross premiums due and payable through the first year is at least:
 - (i) Five percent of the ultimate amount for issue ages over 55.
 - (ii) Ten percent of the ultimate amount for issue ages 46-55.
 - (iii) Fifteen percent of the ultimate amount for issue ages 36-45.
 - (iv) Thirty percent of the ultimate amount for issue ages under 36.
 - (3) The death benefit on the second year is more than 130% of the total gross premiums due and payable through the second year and is at least:
 - (i) Fifteen percent of the ultimate amount for issue ages over 55.
 - (ii) Thirty percent of the ultimate amount for issue ages 46-55.
 - (iii) Forty percent of the ultimate amount for issue ages 36-45.
 - (iv) Sixty percent of the ultimate amount for issue ages under 36.
 - (4) The death benefit in the third policy year is more than 150% of the total gross premiums due and payable through the third year and is at least:
 - (i) Forty percent of the ultimate amount for issue ages over 55.
 - (ii) Sixty percent of the ultimate amount for issue ages 46-55.
 - (iii) Eighty percent of the ultimate amount for issue ages 36-45.
 - (iv) One hundred percent of the ultimate amount for issue ages under 36.
- (d) Policies such as conventional jumping juvenile policies, increasing or decreasing term policies, increasing whole life policies issued or marketed in conjunction with term insurance policies, policies in which the death benefit is graded because the insured as a result of individual underwriting has been determined to be uninsurable on a standard basis, policies made available through employers to provide benefits for employes, and postretirement life policies are not considered limited benefit life insurance policies; and issuance thereof is permitted.

Source

The provisions of this § 87.12 adopted March 17, 1972, 2 Pa.B. 457, amended through July 13, 1979, effective July 14, 1979, 9 Pa.B. 2337. Immediately preceding text appears at serial page (36590).

Cross References

This section cited in 31 Pa. Code § 90c.16 (relating to death benefit dollar amounts).

§ 87.13. Modified premium life insurance policies.

(a) *Description of modified premium life products.* Modified premium life products shall conform with the following:

- (1) Modified premium term insurance is a contract of insurance which involves the payment of an additional first-year premium which is returned to

the policyholder at the end of a selected period of years, usually 8 or 10, increased by both interest and forfeitures of those who terminate their contracts during the term period.

(2) Modified premium whole life is similar to modified premium term insurance except that the term insurance benefit is converted to a whole life plan at attained age. This conversion to whole life coverage may be automatic or elected or the coverage period may be continuous. In some policies, the increased additional premium benefit is not paid out in cash upon conversion to whole life. After the conversion, the nonforfeiture values of the whole life policy may or may not be augmented by the value of this additional premium. Some converted policies provide nonforfeiture values which progress so that the additional premium gradually disappears over the life of the policy. Some modified premium whole life policies offer the policyholder the option to “roll over” the value and start a new modified premium whole life policy instead of continuing on the original contract. In this case and depending upon the policy design, some or all of the augmented premium from the original coverage is used as the initial large premium for the new coverage; thus, it is possible for a modified premium whole life insurance policy to be rolled over several times so that it in effect becomes a series of renewable modified premium life insurance policies.

(3) Another life insurance product which is similar to a modified premium life product and is determined by the Insurance Commissioner to be a modified premium life product will be subject to the requirements of this chapter.

(b) *Explanation.* To avoid possibilities of misunderstanding of the nature of modified premium life products, the products shall be carefully sold and fully explained. This section sets forth minimum disclosure requirements; also, this section sets forth minimum nonforfeiture requirements for modified premium life products.

(c) *Minimum disclosure requirements for modified premium life products.* Minimum disclosure requirements for modified premium life products shall conform with the following:

(1) Advertisements, sales materials and sales presentations of modified premium life products which fail to fully and fairly inform an applicant or prospective insured as to future premium changes, benefits and related options constitute a misrepresentation as to material facts. Misleading statements or questions may not be made in defining or comparing other types of life insurance products; furthermore, comparison used in solicitations shall be accurate, fair and complete.

(2) A disclosure shall be included in conspicuous print on the first page or specifications page of the policy indicating that, if the policy is terminated prior to a certain policy year, all or a portion of the additional first-year premium will be forfeited.

(3) If the policy contains a provision permitting voluntary additional deposits as provided for by Chapter 86 (relating to premium and retirement deposit funds), the nature thereof shall be disclosed. The disclosure shall distinguish the deposit provision and the rights of the insured thereunder from the additional first-year premium.

(4) If an annuity policy or rider is solicited in connection with a modified premium life product, the following requirements apply:

(i) The nature of the annuity coverage shall be disclosed. The disclosure shall distinguish the annuity coverage and the rights of the annuitant thereunder from the additional first-year premium.

(ii) If provided by a policy, the annuity coverage shall provide annuity benefits which are available under annuity policies generally offered by the insurer; if provided by a rider, the rider shall provide annuity benefits which are available under annuity riders generally offered by the insurer.

(iii) The continuation of the annuity coverage shall be independent of the continuation of the modified premium life product. If the annuity coverage is provided by a rider, the rider shall contain a right of conversion to an annuity policy which, at the option of the insured, provides benefits that are no less favorable than those contained in the converted annuity rider.

(iv) An illustrative disclosure concerning the annuity coverage shall be based on the guaranteed interest rate or rates provided by the annuity policy or rider. Excess interest payments provided by the annuity policy or rider can be illustrated separately but only in addition to the guaranteed rate illustration.

(5) The term “deposit” may not be used in referring to the additional first-year premium.

(6) A disclosure form shall be given to every prospective purchaser of a modified premium life product no later than the time the application form is signed by the applicant. The disclosure form shall be in addition to but can be included in the disclosure statement required by Chapter 83 (relating to disclosures in solicitation of life insurance). The form shall contain amounts pertaining to the specific case and shall show the following amounts for each of the first 20 policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns. The disclosure form must also contain the following:

(i) The amount of the annual premium payable for the modified premium life policy, each insurance rider and annuity policy or rider, with the premium amount for each shown separately.

(ii) The guaranteed amounts payable upon death at the end of the policy year as provided by the modified premium life policy, each insurance rider and annuity policy or rider, with the amount for each shown separately.

(iii) The guaranteed cash surrender values at the end of the year of the modified premium life policy, each insurance rider and annuity policy or

rider, with values for each shown separately. A guaranteed endowment amount provided by the modified premium life policy may not be included in the illustrated cash values.

(iv) The cash dividends payable at the end of the policy year as provided by the modified premium life policy, each insurance rider and annuity policy or rider, with the amount for each shown separately. Dividends need not be illustrated beyond the 20th policy year.

(v) A guaranteed endowment amount payable under the modified premium life policy.

(7) If the modified premium life policy provides for policy change options, the nature of each option shall be disclosed. The disclosure shall set forth a reasonably complete explanation of the options, including the guaranteed premium rates and insurance benefits. This disclosure shall be provided to the prospective purchaser no later than the time the application form is signed by the applicant and can be included in the disclosure statement required by Chapter 83.

(8) In the case of replacement situations, the premium changes and policy change options shall be fully disclosed to the prospective purchaser. This disclosure can be included in the replacement statement required by Chapter 81 (relating to replacement of life insurance and annuities). In addition, a copy of the disclosure statement required by paragraph (6) shall be furnished to the replaced company on request.

(d) *Certifications and maintenance of disclosure form delivery.* Certifications and maintenance of disclosure form delivery shall conform with the following:

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

(2) The insurer shall maintain the agent or representative's certification of disclosure-form 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 certification from the appropriate files of the insurer shall constitute prima facie evidence that no disclosure form was provided to the applicant of a modified premium life policy.

(e) *Minimum nonforfeiture requirements for modified premium life products.* Minimum nonforfeiture requirements for modified premium life products shall conform with the following:

(1) In the case of modified premium term insurance, nonforfeiture values shall be at least as great as those calculated by applying section 410A of The Insurance Company Law of 1921 (40 P. S. § 510.1) to the policy. The present value of the future guaranteed benefits used in the calculation of the adjusted premiums for the policy shall be equal to: to present value, at the date of issue

of the policy, of the sum of the guaranteed term insurance benefits provided for by the policy up to the end of the term period plus the pure endowment benefit provided for by the policy at the end of the term period.

(2) In the case of modified premium whole life insurance, minimum nonforfeiture value requirements shall be determined by applying section 410A of The Insurance Company Law of 1921 (40 P. S. § 510.1) separately to the term coverage period and the whole life coverage period. If a pure endowment is not paid out in cash to the policyholder upon conversion to whole life insurance, minimum nonforfeiture values for the whole life insurance policy may be not less than those computed under section 410A of The Insurance Company Law of 1921 (40 P. S. § 510.1) for the whole life insurance coverage plus the value of the pure endowment benefit accumulated at a rate of interest specified in the policy for accumulating that benefit.

(3) In the case of modified premium life products which differ from those described in subsection (a)(1) and (2), the procedures for determining minimum nonforfeiture value requirements under this subsection shall be consistent with the requirements of paragraphs (1) and (2) and the intent of section 410A of The Insurance Company Law of 1921 (40 P. S. § 510.1).

(4) In no event may the calculation procedures set forth in this subsection be construed as permitting a nonforfeiture value lower than those which would otherwise be required in the absence of this subsection.

(f) *Fraternal benefit societies.* This section applies to fraternal benefit societies authorized to transact the business of life insurance in this Commonwealth.

(g) *Compliance.* Only those modified premium life insurance policies which are in complete compliance with the requirements of this subchapter may be sold and issued in this Commonwealth.

(h) *Penalties.* Failure to comply with this section will subject the violator to penalties prescribed by section 354 of The Insurance Company Law of 1921 (40 P. S. § 477b) and other statutes and regulations which apply.

Source

The provisions of this § 87.13 adopted August 6, 1971, 1 Pa.B. 1619; amended December 28, 1979, effective February 27, 1980, 9 Pa.B. 4251. Immediately preceding text appears at serial page (7730).

SALES PRACTICES

§ 87.21. Scope.

This section and §§ 87.22—87.42 apply to life insurance companies, brokers, agents, solicitors or other representatives of the insurance companies carrying on business within this Commonwealth.

§ 87.22. Statements regarding status of industry or company.

A life insurance company, broker, agent, solicitor or other representative may not make a statement or reference relating to the growth of the life insurance industry or to the tax status of life insurance companies in connection with a solicitation of an application for life insurance in a context which could reasonably be understood to interest a prospect in the purchase of shares of stock in an insurance company rather than in the purchase of a life insurance policy.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.23. Implying that insured is stockholder.

(a) A life insurance company, broker, agent, solicitor or other representative may not make a statement which reasonably gives rise to the inference that an insured or a prospective insured, by virtue of purchasing a policy of life insurance, will enjoy a status common to a stockholder or will acquire a stock ownership interest in the insurance company.

(b) Nothing in subsection (a) is intended to prohibit the practice of pointing out those aspects in which the status of a policyholder in a mutual life insurance company is similar to that of a stockholder in a stock life insurance company.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.24. Implying that the policy was sold by the investment department of the company.

A life insurance company, broker, agent, solicitor or other representative may not make a reference to or statement concerning an insurance company's "Investment Department," "Insured Investment Department" or similar terminology implying that the policy was sold or issued by the investment department of the life insurance company.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.25. Implying special treatment.

(a) A life insurance company, broker, agent, solicitor or representative may not make a statement or reference which would reasonably tend to imply that by purchasing a policy the purchaser or prospective purchaser will become a member of a limited group of persons who may receive special advantages or favored treatment in the payment of dividends, unless the benefits are specifically provided in the insurance contract.

(b) Subsection (a) does not apply to policies under which insured persons of one class of risk may receive dividends at a higher rate than persons of another class of risk.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.26. Implying limited availability of policy.

A life insurance company, solicitor, broker, agent or representative may not state or imply that only a limited number of persons, or a limited class of persons will be eligible to buy a particular kind of policy, unless the limitation is related to recognized underwriting practices and may be verified by the underwriting practices of the insurance company.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.27. Implying that insured will share in surplus company earnings.

A life insurance company, broker, agent, solicitor or representative may not state or imply that policyholders who are said to act as “centers of influence” for an insurance company will share, because of so acting, in the surplus earnings of the company in some manner not available to other policy holders who are otherwise in the same class.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.28. Reference to payment as “deposit.”

A life insurance company, broker, agent, solicitor or representative may not describe or refer to premium payments in language which states that the payment is a “deposit,” unless either of the following apply:

- (1) The payment establishes a debtor-creditor relationship between the life insurance company and the policyholder and a showing is made as to when and how the deposit may be withdrawn.
- (2) The term is used in conjunction with the word “premium” in such a manner as to indicate clearly the true character of the payment.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope); 31 Pa. Code § 90c.8 (relating to prohibited terminology); 31 Pa. Code § 90d.6 (relating to prohibited terminology); 31 Pa. Code § 90e.8 (relating to prohibited terminology); 31 Pa. Code § 90f.9 (relating to prohibited terminology); 31 Pa. Code § 90g.9 (relating to prohibited terminology); and 31 Pa. Code § 90h.7 (relating to prohibited terminology).

§ 87.29. Illustration of future dividends.

A life insurance company, broker, agent, solicitor or representative may not provide an illustration or projection of future dividends on a policy, unless either of the following apply:

- (1) The illustration or projection is based upon the experience currently used by the insurance company for dividends or upon a scale adopted by the company.
- (2) The illustration or projection clearly indicates that the dividends shown are not guaranteed.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.30. Implying that payment of dividends is assured.

A life insurance company, broker, agent, solicitor or representative may not use the words “dividends,” “cash dividends,” “surplus” or similar phrases to state or imply that the payment of dividends is guaranteed or certain to occur.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.31. Sharing in percentage of surplus.

(a) A life insurance company, broker, agent, solicitor or representative may not state or imply that a purchaser of a policy will share in a stated percentage or portion of the earnings of the insurance company.

(b) Subsection (a) is not intended to prohibit a representation that a holder of a participating life insurance policy will participate in the share of the divisible surplus, if any, apportioned to the policy by the insurance company.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.32. Statements concerning projected dividends.

A life insurance company, broker, agent, solicitor or representative may not make a statement or imply that projected dividends under a participating policy will be or may be sufficient to assure the receipt of benefits, such as a paid-up policy, without the further payment of premiums, unless the statement is accompanied by an adequate explanation as to what benefits or coverage would be provided or discontinued at the time and the conditions under which this would occur.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.33. Explanation of nonforfeiture benefits.

A life insurance company, broker, agent, solicitor or representative may not state that the insured is guaranteed certain benefits if the policy is allowed to lapse without making an adequate explanation of the nonforfeiture benefits.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.34. Describing policy as “units of participation.”

A life insurance company, broker, agent, solicitor or representative may not describe a life insurance policy or premium payments therefor in terms of “units of participation,” unless accompanied by other language clearly indicating the reference to a life insurance policy or to premium payments, as the case may be.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.35. Misleading prepared answers.

A life insurance company, broker, agent, solicitor or representative may not include in sales kits and prepared sales presentations proposed answers, to be used in response to questions from a prospect as to whether life insurance is being sold, which are designed to avoid a clear and unequivocal statement that life insurance is the subject matter of the solicitation.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.36. Illustrations using dollar amounts.

A life insurance company, broker, agent, solicitor or representative may not display to a prospective policyholder material which includes illustrations, using dollar amounts, in connection with the proposed sale of a life insurance policy or endowment benefits, unless the material clearly identifies the source of the dollar amounts and the subject to which the amounts pertain.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.37. Profit from policy lapse or surrender.

A life insurance company, broker, agent, solicitor or representative may not make a general statement that insurance companies make a profit as a result of policy lapses or surrenders.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.38. Misleading comparisons to other companies.

A life insurance company, broker, agent, solicitor or representative may not make unfair or misleading comparisons to the past experience of other life insurance companies as a means of projecting possible experience of the soliciting company if those comparisons are designed to enhance the characteristics of the policy being sold by confining the comparisons to companies having favorable experience with that type of policy without a fair disclosure of other companies which have had unfavorable experience with that type of policy, when it is within the knowledge of the company, broker, agent, solicitor or other company representative that other companies have had an unfavorable experience.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.39. Misrepresentation of pure annual endowment benefits.

A life insurance company, broker, agent, solicitor or representative may not represent pure annual endowment benefits as earnings on premiums invested, or represent that a pure annual endowment benefit in a policy is anything other than a guaranteed benefit for which a premium is being paid by the policyholder.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.40. False comparison with other policies.

A life insurance company, broker, agent, solicitor or representative may not state that a policy contains certain features which are not found in other life insurance policies, unless that is true.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.41. Misrepresentation of options to purchase insurance.

A life insurance company, broker, agent, solicitor or representative may not represent an option to purchase insurance in the future in such a manner that the policyholder might reasonably infer that he is purchasing term insurance or some other form of life insurance which would result in a payment to the beneficiary in the event of the death of the policyholder.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

§ 87.42. Misrepresenting the nature of the policy.

A life insurance company, broker, agent, solicitor or representative may not make a reference to a policy of life insurance or an annuity contract misrepresenting the true nature of the policy or contract.

Cross References

This section cited in 31 Pa. Code § 87.21 (relating to scope).

[Next page is 88-1.]