

Guideline for Submission of Life Insurance Illustration Certifications

Effective September 1, 2015, the Department will accept illustration certification documents via SERFF. It is expected that all illustration related documentation will be submitted in this manner by year end 2016. No paper filings or email submissions will be accepted after December 31, 2016.

SERFF TOIs

To assist in this process, the following SERFF information is provided:

- The correct TOI to use is: Illustration Certification (please note that there is no TOI code number)
- Four (4) Sub TOIs have been created:
 - New Business – use to submit new business certification for form approved by IIPRC
 - Actuary Change – use to submit information regarding illustration actuary change
 - Annual – use for annual illustration certification filing
 - Status Update – use for notification of change of illustration status of a form(s); do not use for annual filing

Required Filing Documents

- All filings require a Transmittal letter.
- Actuary Change filings require a transmittal letter along with an actuary change notification that must disclose the reason for the change. This could be a statement in the letter, or a copy of minutes from a meeting.
- Annual submissions require a transmittal letter along with:
 - Illustration actuary certification
 - Responsible officer certification
 - Form list
 - Explanation of changes to form list
 - Explanation of change in expenses
- For status updates, the information on the change of illustration status can be provided in the transmittal letter.

The remainder of this document addresses guidance previously provided to issuers.

The following guidelines apply to the submission of annual life insurance certifications, as required by 40 P.S. § 625.8. Failure to adhere to these guidelines will result in a submission being summarily rejected.

Listing of Forms

Each annual illustration certification submitted to the Department must include a listing of all life insurance forms that are marketed in Pennsylvania with an illustration. The listing must identify the Pennsylvania specific form number of the approved form, type of form (policy, rider, etc.), and contain only forms that are approved for use in Pennsylvania. Marketing names or series titles are not an acceptable means of identification. The company should compare the listings from year to year, and any additions/deletions/changes in a subsequent year should be

addressed in a separate attachment, and included on the Supporting Documentation tab under 'Explanation of Change to Form Listing', as follows:

- Forms pending approval at the time of submission may be included, but must be notated to indicate the pending status.
- For any new forms included, the date of approval, a SERFF or Department tracking number, and the date that the company began illustrating and/or marketing each form is required. This also applies to forms submitted for review by the Interstate Compact Commission.
- For any forms that are no longer being illustrated, the date that the company ceased illustrating and/or marketing the form must be provided.
- Forms that fall under Annex A of the Department's notice entitled, "Deregulation of Life Insurance Forms," and are considered deregulated must be included if illustrated; the forms should be denoted as "deregulated". The date that the company began illustrating each form must be provided.

Illustration Actuary Changes (NOT Appointed Actuary Changes, which should continue to be reported to the Office of Company Regulation as required)

40 P.S. § 625.8(f)(11) of the Pennsylvania Insurance Laws specifies that, if an insurer changes the illustration actuary responsible for all or a portion of the company's policy forms, the insurer shall notify the Commissioner promptly in writing and disclose the reason for the change.

If the company has more than one designated illustration actuary, a listing of the active illustration actuaries with his/her date of appointment must be provided with each annual certification.

Current GRET Disclosure

40 P.S. § 625.8 (f)(5) of the Pennsylvania Insurance Laws calls for the illustration actuary to disclose in the annual certification the method used to allocate overhead expenses. The actuary may choose among three options, one of which is the generally recognized expense table (GRET) method.

The GRET is updated from time to time in recognition of changing circumstances. It is the Department's position that companies opting to use the GRET method of expense allocation should use the current version of GRET. All illustration actuary certifications must specify which version (i.e., specific year) of GRET was used.

Change in expenses

If the expense allocation method has changed from the previous year, a full explanation of why the change was made is required. Additional information may be requested.