



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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Life Insurance
Filing Guidance Notice 2019-G

TO: Carriers Offering Life Insurance Policies in Massachusetts
FROM: Sheri Cullen, Director, Policy Form Review
DATE: July 10, 2019
RE: Disclosure Materials to be Used with Graded Death Benefit Products

This Filing Guidance Notice is issued to provide guidance to those insurance carriers licensed under M.G.L. c. 175 who offer certain life insurance products to persons in the Commonwealth of Massachusetts regarding disclosure materials that are to be part of materials given to applicants.

Graded Death Benefit Policies

The Division is aware that certain carriers offer certain life insurance products that have no or a limited death benefit in the first few years of coverage, are not medically underwritten, do not differentiate premiums by age and are often targeted to persons over age 50. The Division is aware that many of these types of products are marketed through mass mailings or through television/radio advertisements as “Graded Death Benefit”, “Limited Death Benefit” or “Modified Death Benefit” (collectively to be called “Graded Death Benefits”) insurance policies. Within many of these products, the policies will pay a reduced or no life insurance benefits if the insured dies within a specified number of years since the product was first issued. Please note that this notice is not being issued about so-called “jumping juvenile” life insurance policies.

As you may be aware, the Division of Insurance has the responsibility to ensure that products offered in the Commonwealth are offered in a manner consistent with the Massachusetts laws, including M.G.L. c. 176D (“Unfair Methods of Competition and Unfair and Deceptive Acts and Practices in the Business of Insurance”) As noted under M.G.L. c. 176D, section 3, there are a number of items that the Division is responsible to review to ensure that Massachusetts consumers are properly aware of all the features of an insurance product when offered in the Commonwealth.

The Division is sending this notice to clarify its expectations about appropriate disclosures that it believes should be given to persons purchasing these products so that they are fully aware of the features of these products:

Language substantially similar to the following is to appear prominently on the cover page of each Graded Death Benefit policy:

- A caption that the term/whole life insurance policy provides [no][a limited] benefit for death from natural causes in the first XXX policy years with the ultimate face amount payable in the [specified] policy year and beyond.
- The cover page shall prominently include “This policy has a limited graded death benefit – PLEASE READ YOUR POLICY CAREFULLY”.

Submitting Filings

The Division expects that all carriers offering Graded Death life insurance policies include the appropriate disclosure materials for all such products offered for sale in the Commonwealth of Massachusetts on or after February 1, 2020. Carriers should file all appropriate amendments to any previously approved products through the System for Electronic Rate and Form Filing (“SERFF”) by December 1, 2019 so that there is sufficient time for the Division’s Policy Review staff to properly review and place the amendments on file.

If you have any questions regarding this Filing Guidance Notice, please contact Sheri Cullen, Director, Policy Form Review at (617) 521-7359.