

INFORMATIONAL LETTER NO. 93
March 1996

TO: ALL INSURANCE COMPANIES LICENSED TO TRANSACT INSURANCE
BUSINESS IN WEST VIRGINIA

RE: **TELEMARKETING** – RESPONSIBILITIES OF INSURANCE COMPANIES
AND CONTINUING EDUCATION REQUIREMENTS FOR RESIDENT
INSURANCE AGENTS ENGAGED IN TELEMARKETING INSURANCE
PRODUCTS

The 1995 Regular Session of the West Virginia Legislature passed House Bill 2413 that amended Chapter 33, Article 12, Section 2a of the West Virginia Code concerning the program of continuing education for West Virginia resident insurance agents.

Specifically, the continuing education requirement shall be no more than six (6) hours biennially for West Virginia resident insurance agents who engage **solely** in telemarketing insurance products by a scripted presentation filed with and approved by the Insurance Commissioner.

Telemarketing scripts must be submitted to, and approved by, the Insurance Commissioner in order for the reduced number of continuing education hours to be applicable to the West Virginia resident agents representing those insurance companies. **In order to apply this requirement to telemarketing agents in this current biennium⁴ which began July 1, 1994, and ends June 30, 1996, insurance companies marketing insurance products through telemarketing agents are requested to submit telemarketing scripts for review no later than March 29, 1996.** Hereafter, any new scripts and/or changes to existing scripts must be submitted for our review and approved prior to use.

In addition to submitting the scripts, please advise the name, address, telephone number and contact person for the telemarketing organization (i.e., SOMAR, DialDirect, ICT Group, etc.) you may be utilizing.

If telemarketing scripts are not received from those insurance companies involved in telemarketing pursuant to the time frames established in this directive, the agents appointed to represent those companies will be required to complete twenty-four (24) hours of continuing education for the current and subsequent bienniums.

INFORMATIONAL LETTER NO. 93

March 1996

Page Two

Insurance companies newly admitted to transact business in West Virginia must submit their telemarketing scripts sixty (60) days prior to transacting business.

Only those insurance companies which market insurance products through scripted telephone presentations need reply.

Telemarketing scripts should be directed, on or before March 29, 1996, to:

West Virginia Insurance Commissioner
ATTN: Jane Strother
Agents Licensing & Education
P.O. Box 50541
Charleston, WV 25305-0541

Hanley C. Clark
Insurance Commissioner

NOTICE TO POLICYHOLDER
THE PREMIUMS YOU PAY WILL EXCEED THE \$
VALUE OF YOUR POLICY ON THE ANNIVERSARY
DATE OF , 19

THE GUARANTEED CASH VALUE OF THIS POLICY AND
THE PREMIUMS YOU WILL HAVE PAID ON THE
FOLLOWING ANNIVERSARY ARE:

YEAR	PREMIUMS PAID	CASH VALUE	INITIAL
5TH	\$	\$	
10TH	\$	\$	
15TH	\$	\$	
20TH	\$	\$	
AGE 65	\$	\$	

SIGNATURE _____ DATE _____
(POLICYHOLDER)

SIGNATURE _____ DATE _____
(AGENT)

Form must be in duplicate with original returned to the Home Office and duplicate remaining with the policyholder. Policyholder must initial each box and agent must witness signature.

(To be used where the existing and proposed policies are written by different companies.)
(Name, address and telephone number of the insurance company)

IMPORTANT NOTICE REPLACEMENT OF LIFE INSURANCE

Our agent is recommending to you that you purchase a life insurance policy from us. In connection with this purchase, you have indicated either as a result of his recommendation or at your own initiative, that you may terminate or change your existing policy issued by another insurance company or that you may obtain a loan from that company against your policy to pay premiums on the proposed policy. Any of these actions is a replacement of life insurance. This notice must be given to you, along with a form including preliminary information comparing the proposed policy with your

existing policy to be replaced. Please read this notice and the Comparative Information Form carefully.

Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and of your existing insurance coverage.

To this end, we are required to give you a Policy Summary including complete information on the proposed policy no later than when that policy is delivered to you. In addition, we are required to notify the insurance company that issued your existing policy. That company may then furnish you with additional information concerning your existing policy. You may want to contact that company or its agent for further information and advice or discuss your purchase with other advisors. The information you receive will be of value to you in reaching a final decision.

If either the proposed policy or the existing insurance you intend to replace is a participating policy, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should also recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Your existing policy may have options which are not available under the policy plan proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash value and dividends, if any, may grow slower initially because the (so in original)

The new life insurance issued by the replacing insurer will not be contestable in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer had the replacement not taken place. However, the replacing insurer may, within two years from the date of issue, contest because of material misstatement or omission on your application, or for death caused by suicide, that amount of insurance, if any, written and issued in excess of the amount of the existing life insurance.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any

unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

After we have issued your policy, you will have thirty days from the date the new policy is delivered to you to cancel the policy issued on your application and receive back all payments you made to us.

CAUTION

If, after studying the information made available to you, you do decide to replace the existing life insurance with our company with a new life insurance policy issued by our company, you are urged not to take action to terminate or alter your existing life insurance coverage until after you have been issued the new policy, examined it and found it acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance for which you have applied, you may find yourself unable to purchase other life insurance or able to purchase it only at substantially higher rates.

I have received and read a copy of this Replacement Notice.

(Signed) Date

(To be used where the existing and proposed policies are written by the same company.)
(Name, address and telephone number of the insurance company)

IMPORTANT NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE

Our agent is recommending that you purchase a life insurance policy from us. In connection with this purchase, you have indicated either as a result of his recommendation or at your own initiative, that you may terminate or change your existing policy issued by our company or that you may obtain a loan from our company against your existing policy to pay premiums on the proposed policy. Any of these actions is a replacement of life insurance. This notice must be given to you, along with a Comparative Information Form which includes preliminary information comparing the proposed policy with your existing policy to be replaced. Please read this notice and the Comparative Information Form carefully.

Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and of your existing insurance coverage.

To this end, we are required to give you a Policy Summary including complete information on the proposed policy no later than when the policy is delivered to you. In addition, we will, at your request, furnish you additional information concerning your existing policy. You may want to discuss your purchase with other advisors. The information you receive will be of value to you in reaching a final decision.

If either the proposed or the existing insurance you intend to replace is a participating policy you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should also recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases.

Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

(Name, address and telephone number of the insurance company)

**IMPORTANT NOTICE REGARDING REPLACEMENT
OF LIFE INSURANCE**

You have indicated that you intend to replace an existing life insurance policy or policies in connection with the purchase of our life insurance policy. As a result, we are required to send you this notice. Please read it carefully.

Whether it is to your advantage to replace your existing Insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and your existing insurance coverage.

You may want to contact your existing life insurance company or its agent for additional information and advice or discuss your purchase with other advisors. The information you receive should be of value to you in reaching a final decision.

If either the proposed policy or the existing insurance you intend to replace is a participating policy, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

The new life insurance issued by the replacing insurer will not be contestable in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer had the replacement not taken place. However, the replaced insurer may, within two years from the date of issue, contest because of material misstatement or omission on your application, or for death caused by suicide, that amount of insurance, if any, written and issued in excess of the amount of the existing life insurance.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

You are urged not to take action to terminate or alter your existing life insurance coverage until you have been issued the new policy, examined it and have found it acceptable to you.

(so in original) company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

The new life insurance issued by the replacing insurer will not be contestable in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer had the replacement not taken place. However, the replacing insurer may, within two years from the date of issue, contest because of material misstatement or omission on your application, or for death caused by suicide, that amount of insurance, if any, written and issued in excess of the amount of the existing life insurance.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

After we have received your application and notified the other insurance company you will have thirty days from the date the proposed policy is delivered to you to cancel the policy issued on your application and receive back all payments you made to us.

CAUTION

If, after studying the information made available to you, you decide to replace the existing life insurance with our life insurance policy, you are urged not to take action to terminate or alter your existing life insurance coverage until after you have been issued the new policy, examined it and have found it to be acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance for which you have applied, you may find yourself unable to purchase other life insurance or able to purchase it only at substantially higher rates.

I have received and read a copy of this Replacement Notice.
(Signed) Date

TELEMARKETING -- RESPONSIBILITIES OF INSURANCE
COMPANIES AND CONTINUING EDUCATION
REQUIREMENTS FOR RESIDENT INSURANCE AGENTS
ENGAGED IN TELEMARKETING INSURANCE PRODUCTS

March, 1996

The 1995 Regular Session of the West Virginia Legislature passed House Bill 2413 that amended Chapter 33, Article 12, Section 2a of the West Virginia Code concerning the program of continuing education for West Virginia resident insurance agents.

Specifically, the continuing education requirement shall be no more than six (6) hours biennially for West Virginia resident insurance agents who engage solely in telemarketing insurance products by a scripted presentation filed with and approved by the Insurance Commissioner.

Telemarketing scripts must be submitted to, and approved by, the Insurance Commissioner in order for the reduced number of continuing education hours to be applicable to the West Virginia resident agents representing those insurance companies. In order to apply this requirement to telemarketing agents in this current biennium⁴ which began July 1, 1994, and ends June 30, 1996, insurance companies marketing insurance products through telemarketing agents are requested to submit telemarketing scripts for review no later than March 29, 1996. Hereafter, any new scripts and/or changes to existing scripts must be submitted for our review and approved prior to use.

In addition to submitting the scripts, please advise the name, address, telephone number and contact person for the telemarketing organization (i.e., SOMAR, DialDirect, ICT Group, etc.) you may be utilizing.

If telemarketing scripts are not received from those insurance companies involved in telemarketing pursuant to the time frames established in this directive, the agents appointed to represent those companies will be required to complete twenty-four (24) hours of continuing education for the current and subsequent bienniums.

Insurance companies newly admitted to transact business in West Virginia must submit their telemarketing scripts sixty (60) days prior to transacting business.

Only those insurance companies which market insurance products through scripted telephone presentations need reply.

Telemarketing scripts should be directed, on or before March 29, 1996, to:

West Virginia Insurance Commissioner
ATTN: Jane Strother
Agents Licensing & Education
P.O. Box 50541
Charleston, WV 25305-0541

Hanley C. Clark
INSURANCE COMMISSIONER

NOTICE TO POLICYHOLDER
THE PREMIUMS YOU PAY WILL EXCEED THE \$
VALUE OF YOUR POLICY ON THE ANNIVERSARY
DATE OF , 19

THE GUARANTEED CASH VALUE OF THIS POLICY AND
THE PREMIUMS YOU WILL HAVE PAID ON THE
FOLLOWING ANNIVERSARY ARE:

YEAR	PREMIUMS PAID	CASH VALUE	INITIAL
5TH	\$	\$	
10TH	\$	\$	
15TH	\$	\$	
20TH	\$	\$	
AGE 65	\$	\$	

SIGNATURE _____ DATE _____
(POLICYHOLDER)

SIGNATURE _____ DATE _____
(AGENT)

Form must be in duplicate with original returned to the Home Office and duplicate remaining with the policyholder. Policyholder must initial each box and agent must witness signature.

(To be used where the existing and proposed policies are written by different companies.)
(Name, address and telephone number of the insurance company)

IMPORTANT NOTICE REPLACEMENT OF LIFE INSURANCE

Our agent is recommending to you that you purchase a life insurance policy from us. In connection with this purchase, you have indicated either as a result of his recommendation or at your own initiative, that you may terminate or change your existing policy issued by another insurance company or that you may obtain a loan from that company against your policy to pay premiums on the proposed policy. Any of these actions is a replacement of life insurance. This notice must be given to you, along with a form including preliminary information comparing the proposed policy with your

existing policy to be replaced. Please read this notice and the Comparative Information Form carefully.

Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and of your existing insurance coverage.

To this end, we are required to give you a Policy Summary including complete information on the proposed policy no later than when that policy is delivered to you. In addition, we are required to notify the insurance company that issued your existing policy. That company may then furnish you with additional information concerning your existing policy. You may want to contact that company or its agent for further information and advice or discuss your purchase with other advisors. The information you receive will be of value to you in reaching a final decision.

If either the proposed policy or the existing insurance you intend to replace is a participating policy, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should also recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Your existing policy may have options which are not available under the policy plan proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash value and dividends, if any, may grow slower initially because the (so in original)

The new life insurance issued by the replacing insurer will not be contestable in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer had the replacement not taken place. However, the replacing insurer may, within two years from the date of issue, contest because of material misstatement or omission on your application, or for death caused by suicide, that amount of insurance, if any, written and issued in excess of the amount of the existing life insurance.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any

unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

After we have issued your policy, you will have thirty days from the date the new policy is delivered to you to cancel the policy issued on your application and receive back all payments you made to us.

CAUTION

If, after studying the information made available to you, you do decide to replace the existing life insurance with our company with a new life insurance policy issued by our company, you are urged not to take action to terminate or alter your existing life insurance coverage until after you have been issued the new policy, examined it and found it acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance for which you have applied, you may find yourself unable to purchase other life insurance or able to purchase it only at substantially higher rates.

I have received and read a copy of this Replacement Notice.

(Signed) Date

(To be used where the existing and proposed policies are written by the same company.)
(Name, address and telephone number of the insurance company)

IMPORTANT NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE

Our agent is recommending that you purchase a life insurance policy from us. In connection with this purchase, you have indicated either as a result of his recommendation or at your own initiative, that you may terminate or change your existing policy issued by our company or that you may obtain a loan from our company against your existing policy to pay premiums on the proposed policy. Any of these actions is a replacement of life insurance. This notice must be given to you, along with a Comparative Information Form which includes preliminary information comparing the proposed policy with your existing policy to be replaced. Please read this notice and the Comparative Information Form carefully.

Whether it is to your advantage to replace your existing insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and of your existing insurance coverage.

To this end, we are required to give you a Policy Summary including complete information on the proposed policy no later than when the policy is delivered to you. In addition, we will, at your request, furnish you additional information concerning your existing policy. You may want to discuss your purchase with other advisors. The information you receive will be of value to you in reaching a final decision.

If either the proposed or the existing insurance you intend to replace is a participating policy you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should also recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases.

Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

(Name, address and telephone number of the insurance company)

**IMPORTANT NOTICE REGARDING REPLACEMENT
OF LIFE INSURANCE**

You have indicated that you intend to replace an existing life insurance policy or policies in connection with the purchase of our life insurance policy. As a result, we are required to send you this notice. Please read it carefully.

Whether it is to your advantage to replace your existing Insurance coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and your existing insurance coverage.

You may want to contact your existing life insurance company or its agent for additional information and advice or discuss your purchase with other advisors. The information you receive should be of value to you in reaching a final decision.

If either the proposed policy or the existing insurance you intend to replace is a participating policy, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

The new life insurance issued by the replacing insurer will not be contestable in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer had the replacement not taken place. However, the replaced insurer may, within two years from the date of issue, contest because of material misstatement or omission on your application, or for death caused by suicide, that amount of insurance, if any, written and issued in excess of the amount of the existing life insurance.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

You are urged not to take action to terminate or alter your existing life insurance coverage until you have been issued the new policy, examined it and have found it acceptable to you.

(so in original) company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

The new life insurance issued by the replacing insurer will not be contestable in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer had the replacement not taken place. However, the replacing insurer may, within two years from the date of issue, contest because of material misstatement or omission on your application, or for death caused by suicide, that amount of insurance, if any, written and issued in excess of the amount of the existing life insurance.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

After we have received your application and notified the other insurance company you will have thirty days from the date the proposed policy is delivered to you to cancel the policy issued on your application and receive back all payments you made to us.

CAUTION

If, after studying the information made available to you, you decide to replace the existing life insurance with our life insurance policy, you are urged not to take action to terminate or alter your existing life insurance coverage until after you have been issued the new policy, examined it and have found it to be acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance for which you have applied, you may find yourself unable to purchase other life insurance or able to purchase it only at substantially higher rates.

I have received and read a copy of this Replacement Notice.
(Signed) Date

