West Virginia Office of the Insurance Commissioner
REVIEW REQUIREMENTS CHECKLIST

Group Life Insurance

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
Informational Letters (IL#), WV State Code (33)		
General Requirements		
Filings		Rate Filings for Life Insurance are not required *** Other Groups §33-14-6 - Rate Filings are required ***. When a Filing contains a complete policy, actuarial support for the filing may be submitted.
Fee	§33-6-34	The Filing Fee is $100.00 per Form Filing. Filing fees must be remitted via EFT (Electronic Funds Transfer) through SERFF.
Inclusions	IL# 163 and §33-3-8	All filings must be submitted through SERFF (System for Electronic Rate and Form Filing). The company transacting insurance in this State must be licensed by the Insurance Commissioner and authorized to conduct the appropriate lines of business for the filing submitted.
Execution	§33-6-15	Every insurance policy shall be executed in the name of and on behalf of the insurer by its officer, attorney in fact, employee, or representative duly authorized by the insurer. A facsimile signature of any such executing individual may be used in lieu of an original signature, the countersignature shall be in original handwriting. Electronic signatures are allowable on electronic policies.
Time Frame	§33-6-8b	The filing must be filed 60 days prior to use. Analysts make every effort to resolve any issues within 60 days and approve the filing, unless before the 60 days expires the filing is disapproved.
Compliance	§33-6-8 and §33-13-2	A Certification of Compliance with laws of your Company’s state of domicile and with West Virginia Code, signed by a company official is requested with a policy filing.
Readability	§33-29-5a (1) & (2)	A Certification of Readability, Flesch Score, signed by a company official is required. The main text in the policy must be of uniform size and no smaller than 10-point type, one point leaded; except for specification pages and certain tables. The minimum required Flesch Score is 40. You must certify that each form contained in the filing achieves such minimum score. The Method for determining the Flesch Score is found in WV Code 33-29-5(b) (1-4) & (e).
Legal Requirements of a Group		
Six Basic Characteristics	Responds to WV §33-14	(1) The states define a “true” group as having at least (2) people covered under one master contract. (2) Coverage is generally available without individual medical examinations. (3) The master group policy is issued to the employer, trust, union, or the association. Certificates of insurance are issued to the individual insureds. (4) The insurance cannot be obtained to benefit the employer, trust, union, or other association. It must be for the benefit of the covered employee or member, and their dependents. (5) Premiums are based on the age of the group as a whole. Premium may be paid entirely by the policyowner or, paid jointly by the policyowner and the insured. If premium is paid entirely by the policyowner it is a “noncontributory plan,” and all eligible employees or members must be covered unless they reject coverage in writing. If premium is paid by both policyowner and insured the plan is a “contributory plan.” (6) Individuals covered under the plan are classified in such a way (usually by salary, or time on the job) that they do not choose the benefit levels.
Eligible Groups		
Contributory/ Non-contributory Plans		In group life insurance, under a contributory plan, the insured’s employees “contribute” to the plan financially. In a Contributory Plan, the employer must pay a percentage of the premiums. Under a Noncontributory Plan, the employer pays the full amount (100%) of the policy premium; the employee pays nothing. This plan requires all employees to be insured except those who reject coverage in writing.

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Employee Group Policy	§33-14-2	The Master Policy is issued to the employer or to the trustees of a fund established by an employer. The Policy must cover two (2) employees at date of issue.
Labor Union Group Policy	§33-14-4	The policy must cover at least twenty-five (25) members at date of issue. The policy amounts of insurance must be based upon some plan precluding individual selection either by members or by the union.
Employer and Labor Union Group (Trustee Group Policy)	§33-14-5	The trustees of a fund established by two or more employers or by one or more labor unions or by a combination, shall be the policyholders to insure the employees or union members. All the employees or all the union members are eligible. The premiums are paid by the trustees. No policy may be issued on which the entire premium is derived from funds contributed by the insured persons specifically for their insurance. The policy must cover at date of issue at least one hundred (100) persons and not less than five (5) persons per employer unit. The amount of insurance must be based upon some plan precluding individual selection either by the Insured persons or by the policyholder, employers or unions.
Credit Union Group Policy	§33-14-5a	The Credit Union is the policyholder. All the members of the credit union are eligible for insurance (this includes a class such as public employees). The premium is paid by the policyholder from funds of the credit union. No part of the premium may be paid from funds contributed or charged to the insured members specifically for their insurance. The policy must insure at least twenty-five (25) eligible members, excluding any whose evidence of individual insurability is not satisfactory to the insurer. The amount of insurance under the policy must be based upon some plan which precludes individual selection either by the members, the credit union or the credit union trustees.
Other Groups (At the discretion of the commissioner) Effective 07/09/2009	§33-14-6	The lives of a group of individuals may be insured under a policy issued to a group other than one of the groups provided in sections two, three, four, five and five-a of this article subject to the following requirements: (a) The policy shall not be delivered in this state unless the commissioner finds that: (1) The issuance of the policy is not contrary to the best interest of the public; (2) The issuance of the policy would result in economics of acquisition or administration; and (3) The benefits are reasonable in relation to the premiums charged. (b) No such group life insurance coverage may be offered in this state by an insurer under a policy issued in another state unless this state or another state having requirements substantially similar to those contained in subsection (a) of this section has made a determination that the requirements have been met. (c) The premium for the policy shall be paid either from the policyholder's funds or from funds contributed by the covered persons, or from both. (d) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.
Dependent Coverage	§33-14-7	Any policy issued to an Employee Group, Labor Union Group, Combination labor Unions or Employers Group may be extended to insure members against loss due to the death of their spouses and minor children under specified conditions in 33-14-7 (a, b, c & d).
Standard Policy Provisions	§33-14-8	No policy of group life insurance shall be delivered in this state unless it contains in substance the standard provisions as required by sections nine to eighteen of Article 14 of Chapter 33 of the Code of West Virginia.
Grace Period	§33-14-9	There shall be a provision providing a grace period of thirty-one (31) days for the payment of any premium due except the first, during which period the death benefit coverage continues in-force.
Incontestability	§33-14-10	There shall be a provision that after a policy has been in force for two (2) years from its date of issue, the validity of a group life policy shall not be contested, except for nonpayment of premiums. After the 2-year period and during the life of the insured, no statement made by a person insured under the policy relating to his insurability shall be used in contesting the validity of the insurance.
Entire Contract	§33-14-11	There shall be a provision providing that the application attached to and made part of the master contract is the entire contract.

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Representations	§33-14-11	There shall be a provision that all statements made by the policyholder or by the persons insured are considered representations and not warranties.
Evidence of Insurability	§33-14-12	There shall be a provision that the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his coverage.
Misstatement of Age	§33-14-13	The policy shall contain a provision specifying an equitable adjustment of premiums or of benefits or of both to be made in the event the age of a person insured has been misstated. The method used for making the adjustment must be stated clearly.
Facility of Payment	§33-14-14	There shall be a provision that allows payment of policy proceeds to a close relative or friend if no beneficiary is named, or living.
Individual Certificate	§33-14-15	There shall be a provision that states that the insurer will issue to the policyholder for delivery to each person insured an individual Certificate of insurance setting forth a statement of the protection provided, to whom the benefits are payable and the rights and Conditions regarding conversion. The provisions of the Certificate must be equivalent to the provisions of the Master Policy.
Conversion	§33-14-16	There shall be a provision that provides the insured the right to convert to an individual policy when the insured's coverage is terminated because of termination of employment, or the elimination of a class of insureds.
Termination of Master Policy	§33-14-17	There shall be a provision that if the group policy terminates, every person insured thereunder who has been insured for at least three years under a group policy issued five years or more prior to such termination date, shall be entitled to have issued by the insurer an individual life insurance policy.
Death Pending Conversion	§33-14-18	There shall be a provision that if an insured dies after coverage has terminated, but before the end of the 31-day conversion period, the beneficiary will receive the group life policy benefit.
Notice of Conversion Rights	§33-14-20	Any individual insured under a group life insurance policy should be given notice of the existence of his conversion rights at least fifteen days prior to the expiration of the conversion period specified in the policy.
Group Conversion Privilege		
Terminating Employees Conversion		Terminating employees are allowed to "convert" to individual life coverage without evidence of insurability. An individual policy will be issued: (1) Upon payment of the first premium and completion of an application within 31 days of termination of group membership; (2) If a master group policy is in force on the date of the individual's termination, providing the individual has been insured for at least three (3) years; (3) In an amount equal to the group amount applicable to the insured upon termination minus any applicable amount of group insurance for which the insured becomes eligible upon termination from the first group. Premium rates for these conversion policies must be based on the insurer's individual premium rates for an individual at the prospective insured's attained age.
Conversion Privilege	NAIC Model Legislatio	A conversion privilege must be available upon termination of the master group policy. The maximum amount of coverage available under this model bill is the lesser of: $10,000 or, the amount of coverage in force under the group plan minus the amount of group coverage for which the insured becomes entitled to receive (under a new group policy) within 31 days of termination or, $2,000. Dependent coverage is sometimes provided under employer sponsored group plans in amounts less than provided the covered employee. Typically, the spousal coverage is $5,000 or less with a conversion right of $2,000.

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Settlement of Death Benefit	§33-14-30	Settlement shall be made upon receipt of due proof of death and, at the insurer's option, surrender of the certificate and/or proof of the interest of the claimant. If stated, the period for settlement shall not exceed two months from the receipt of such proofs.
Interest on Proceeds	§33-14-30a	The proceeds of a life insurance policy become due on the date of death of the insured. Interest shall be computed from the date of death to the date of payment, at the current rate of interest on proceeds left on deposit with the insurer.
Group Credit Life Insurance	§33-14-3	The purpose of group credit life insurance is to cover the unexpected death of an individual who has obligated himself/herself to time payment obligations.
Debtor Group Policy Eligibility	§33-14-3 (a)	The lives of a group of individuals may be insured under a policy issued to a creditor, who is deemed the policyholder, to insure debtors of the Creditor. Those who are eligible are debtors of the creditor whose indebtedness is payable in installments or within eighteen (18) months from the initial date of the debt, or a class of debtors determined by conditions pertaining to the indebtedness or giving rise to the indebtedness.
Premiums	§33-14-3 (b)	The premium for the policy shall be paid by the policyholder, either from the creditor's funds, or from charges collected from the insured debtors, or from both. A policy on which no part of the premium is to be derived from the collection of such identifiable charges must insure all eligible debtors, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.
75% Participation	§33-14-3 (c)	The policy may be issued only if the group of eligible debtors is receiving new entrants at the rate of at least one hundred persons yearly, or is expected to receive at least one hundred new entrants during the first policy year. The policy must reserve to the insurer the right to require evidence of individual insurability if less than 75% of the new entrants become insured.
Amount of Insurance	§33-14-3 (d)	The amount of insurance on the life of any debtor shall not exceed the amount owed by him or which is repayable in installments to the creditor.
Payee	§33-14-3 (e)	The insurance shall be payable to the policyholder. The unpaid indebtedness shall be reduced or extinguished to the extent of such payment.
Tax Treatmeant of Insurance		
Group Life Premiums and Proceeds		The employer receives a tax deduction for premiums paid. The death benefit is treated in this manner: (1) The first $50,000 is received income tax free by the beneficiary. (2) The premium for the first $50,000 of death benefit is not taxable to the employee. The premium for death benefits exceeding $50,000 is subject to an income tax charge to the employee based on a special government tax table. However, the employer continues to receive a tax deduction. (4) If the income tax charge of premium for the death benefit in excess of $50,000 is not made, then the death benefit over $50,000 will be taxed as ordinary income to the beneficiary at the decedent's tax rate.
Modified Endowment Contracts MECs	Technical and Miscellaneous Revenue Act of 1988 (TAMRA) Federal Legislation	A permanent life insurance policy issued after June 20, 1988, which does not meet a seven pay test; or any life insurance contract that is exchanged for such a contract as this. MECs are single premium and other high premium interest sensitive life policies which were deemed to be sold for investment more than for life insurance purposes by TAMRA.
The Seven Pay Test		The seven pay test states that a permanent life contract will be called a MEC if: The accumulated premium amount paid under the contract at any time during the first seven years exceeds the sum of the net level premiums, which would have been paid on or before such time, if the contract in question provided for paid-up future benefits after the payment of seven level annual premiums.

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Consequences		○ If a contract fails the seven-payment test, its status as a MEC is permanent. All MECs issued during any 12-month period by an insurer to the same policyholder are treated as one MEC to prohibit circumvention of the TAMRA legislation. ○ Under TAMRA, life insurance policies which are characterized as MECs are subject to adverse tax implications if their substantial cash values are withdrawn before the annuity starting date as loans or withdrawals. These loans or partial withdrawals before the annuity starting date are taxed on a "last in first out" (LIFO) basis, meaning the money used to initiate the contract is usually tax-free while subsequent interest on the "initial money" is taxable. ○ The federal TAMRA legislation restricts the tax-deferred savings/investment fund flexibility designed in single premium, guaranteed whole life and universal life products. TAMRA views MECs in the same light as deferred annuities with respect to loans or withdrawals. ○ If an individual intends to keep the MEC policy until his/her death, the tax significance of the MEC rule is meaningless: It only applies to loans or withdrawals during the lifetime of the policyholder. If withdrawn prior to age 59 ½, a 10% penalty applies in addition to regular income taxes. ○ If the policy is characterized as a MEC, the interest accumulations accrued by the policy will not be taxed unless, and until, a loan or withdrawal is made. ○ Tax treatment of MEC policyholders age 59 ½ or older is no different if not better, than the tax treatment of individuals in this same age group holding certificates of deposit (CDs).