

The insurance policy document outlines the regulations governing variable life insurance in Massachusetts, as specified in 211 CMR 95.00 and Massachusetts General Laws (M.G.L.) c. 175, §§ 132F and 132G. It defines key terms such as "Affiliate," "Assumed Investment Rate," "Cash Surrender Value," and "Variable Life Insurance Policy," establishing a framework for insurance companies that must obtain authorization to issue such policies. Insurers are required to provide detailed descriptions of their policies, operational methods for separate accounts, and biographical data of key personnel, with additional financial statements required for those with less than \$5 million in surplus and capital. A code of conduct must be maintained, and insurers must report any disciplinary actions to the Commissioner of Insurance, who has the authority to approve or disapprove materials and revoke or suspend authorizations if standards are not met.

Separate accounts for variable life insurance must maintain assets that equal or exceed the greater of the valuation reserves for the variable portion of the policies or the benefit base. The Commissioner can disapprove any separate account deemed hazardous, and assets must be valued monthly. Investments are limited to compliant securities, and conflicts of interest rules apply, prohibiting additional compensation related to asset transactions. Insurers must file an investment policy statement with the Commissioner, and policyholders may convert to a general account life insurance policy if they object to material changes in investment policy. Charges against the separate account must be disclosed and limited to specific categories, while variable life insurance policies must be filed and approved, including an actuarial memorandum detailing reserve methodologies.

The policy document specifies that the cover page must indicate whether premiums are flexible or fixed and whether death benefits are variable or fixed, with conditions for changes. Scheduled premium policies require a guaranteed premium to maintain the policy until maturity, with cash values fluctuating based on separate account performance. A grace period of at least 31 days is mandated for scheduled premium policies, while flexible premium policies require a 61-day grace

period when charges exceed available amounts. The policy must detail all charges, provide reinstatement provisions within three years of default, and allow for policy loans after three years under specified conditions.

Provisions for nonforfeiture benefits and a summary of cash value calculations, including surrender charges, are included, along with options for exchanging the policy for a permanent general account life insurance policy. The policy is incontestable after two years, except for increases in death benefits, which are contestable for two years from the effective date of the increase. The document also addresses loans against separate accounts, specifies a guaranteed minimum interest rate for fixed investment options, and outlines optional provisions such as dividend applications and automatic premium loans.

Notifications regarding automatic premium loans must be sent more frequently than annually, and exclusions include suicide within two years of the policy's issue date. Policyholders may exercise partial surrenders or withdrawals, which will proportionately reduce both the variable and minimum death benefits. Reserve liabilities must comply with Massachusetts General Laws and actuarial standards, ensuring they account for the variable nature of benefits. Insurers must provide detailed information to applicants before executing applications, including a summary of policy features and investment policy, and obtain signed acknowledgments from applicants. Annual reports to policyholders must detail cash surrender values, death benefits, and transactions, with specific reporting requirements for variable life insurance products.

Reports must indicate fluctuations in cash values and variable death benefits based on investment experience, and if minimum variable death benefits are guaranteed, this must be noted. Flexible premium policies require reconciliation of changes in cash value since the last report, projecting future cash values and warning of potential terminations without additional premiums. Insurers must maintain specimen copies of reports for Commissioner review, and misleading materials may

necessitate amendments. Foreign or alien insurers must comply with specific provisions to protect the Commonwealth's interests. The severability clause ensures that if any provision is invalid, the remaining provisions will still apply, with regulatory authority derived from M.G.L. c. 175, §§ 132F and 132G.