

WAC 284-23-806 Required procedures and standards for sale of juvenile life insurance policies. Beginning July 1, 2009, an insurer must comply with the following procedures and standards when underwriting juvenile life insurance policies:

(1) An insurer may refuse an applicant's request for life insurance when the combined life insurance-in-force exceeds the issuing insurer's maximum for juveniles.

(2) Life insurance upon a juvenile must not be made or take effect unless at the time the contract is made, the applicant is a person having an insurable interest in the life of the juvenile. The insurer must obtain and keep documentation sufficient to demonstrate that the applicant for the policy has an insurable interest in the life of the juvenile.

(3) In addition to the signature of the applicant, the consent of the parent or legal guardian with whom the juvenile resides, as evidenced by signature, must be obtained before submitting the application for underwriting. Any juvenile age fifteen or older must sign the application for insurance on the juvenile's life.

(4) An insurer must have underwriting standards and procedures justifying the issuance of a life insurance policy on the life of a juvenile. The insurer must provide the insurance commissioner with documentation from its records and files to support its underwriting justification upon request. The justification must address the following elements:

(a) The issued policy must conform to the insurer's established standards and practices for underwriting juvenile life insurance or explain any variance.

(b) As part of its underwriting practice, the insurer must identify the amount, if any, of other life insurance contracts on the life of the juvenile which are in force or applied for at the time of application.

(c) The insurer must confirm that the policy death benefit is grossly proportional to the value of life insurance or accidental death benefits issued for other siblings or immediate family members, and if not, justify why proportionality or equivalency was not required.

(d) The commissioner must be able to determine that the insurer had good cause to underwrite when the overall amount of insurance on the juvenile exceeds the annual household income, and if it does so, justify why such an amount was approved. The extent to which the beneficiary or applicant is dependent on the juvenile for income or other support is an example of such a justification.

(5) If an application on the life of a juvenile is fifty thousand dollars or less and issued without underwriting, the insurer must meet the following alternative requirements:

(a) In addition to asking the applicant, take reasonable steps to determine the total amount of insurance in-force on the life of the juvenile at the date of application including, but not limited to, checking any national database for in-force insurance information;

(b) Document the steps taken to determine the total amount of insurance in-force on a particular application and make the documentation available to the insurance commissioner upon request; and

(c) File an amended application or endorsement for use in Washington including the following statement: "This policy may be void or reduced when a claim is submitted if the total amount of life insurance in-force from all sources exceeds the underwriting limits established for issuance of this policy on the life of a juvenile." This

statement must be printed in bold face type of at least twelve-point font.

(6) For each application for juvenile life insurance rejected by an insurer, each insurer must maintain at its home or principal office a complete file containing the original signed application, underwriting analysis, correspondence with the applicant and any other documents pertinent to the decision to reject the applicant as an insured, for a period of not less than ten years from the date the application was signed by the applicant. Such file shall be subject to inspection by the insurance commissioner.

[Statutory Authority: RCW 48.02.060 (3)(a). WSR 10-19-023 (Matter No. R 2010-05), § 284-23-806, filed 9/9/10, effective 10/10/10; WSR 10-12-099 (Matter No. R 2009-05), § 284-23-806, filed 6/2/10, effective 7/3/10. Statutory Authority: RCW 48.02.060 and 48.23.345. WSR 09-03-104 (Matter No. R 2007-09), § 284-23-806, filed 1/21/09, effective 2/21/09.]