



BUREAU OF INSURANCE

June 30, 2000

ADMINISTRATIVE LETTER 2000-10

TO: All Insurers Licensed to Write Life Insurance or Annuities in Virginia

**RE: Equity Indexed Annuities
Equity Indexed Life Insurance Products**

THIS REPLACES ADMINISTRATIVE LETTER 1997-4

The Bureau of Insurance ("the Bureau") is issuing this Administrative Letter in place of Administrative Letter 1997-4, dated May 9, 1997, in which insurers were advised that Equity Indexed Annuities and Equity Indexed Life Insurance products would be accepted for approval by the Bureau subject to the certification of a number of items included in an affidavit that was attached to that Administrative Letter, and further subject to compliance with applicable statutory and regulatory requirements.

The purpose of this Administrative Letter is to notify insurers of, and provide insurers with the Bureau's current posture regarding these products and to provide a revised affidavit form. Completion of this affidavit will be required prospectively for approval of equity indexed products, and, to the extent that they differ, affidavits executed by insurers prior to the date of this letter will be

interpreted and administered in the same manner, in every respect, as the revised affidavit attached to and made part of this Administrative Letter.

The revised affidavit omits certification number 5, as well as the entire “agreement” provision immediately following certification number 5, all of which appeared on page two (2) of the previous affidavit. The Bureau has concluded that such certification and agreement is not necessary to consider equity indexed products for approval in Virginia. The remainder of the revised affidavit is identical to the version being replaced.

All submissions of equity indexed products must be accompanied by a copy of the attached affidavit, signed by an executive officer of the company. Equity indexed products will be reviewed for compliance with all applicable statutory and regulatory requirements and will be approved accordingly, subject to inclusion of the completed affidavit.

Questions regarding this letter should be directed **IN WRITING** to:

Jacqueline K. Cunningham
Supervisor, Forms and Rates Section
Life and Health Division
P.O. Box 1157
Richmond, Virginia 23218
804-371-9110

Very Truly Yours,

Alfred W. Gross
Commissioner of Insurance

AWG/jkc
attachment

AFFIDAVIT

Company Name: _____ (Insurer)

NAIC Number: _____ State of Domicile: _____

RE: Form Number(s)

In connection with the filing of the captioned forms with the Commonwealth of Virginia State Corporation Commission Bureau of Insurance, I, an officer of the above-named company, the Insurer, represent that each of the captioned forms identifies a product, herein referred to as "equity indexed products," in which all or a portion of the policy value accumulates at a rate which is based on an investment index; and, on behalf of the Insurer, I certify to each of the following:

1. The Insurer is in good standing and holds an active license as a life, or life and health, insurer in its state of domicile and in the Commonwealth of Virginia.

2. The Insurer is authorized and appropriately licensed in its state of domicile to underwrite and offer for sale in its state of domicile the products described in the captioned forms and herein referred to as "equity indexed products"; and as evidence of such authority confirms with a check mark () the applicability of one or more of the following:

- ___ The Insurer is a foreign insurer that has been authorized by its domiciliary regulator specifically for "equity indexed products."
- ___ The Insurer is a foreign insurer and its domiciliary regulator has approved one or more of the captioned forms or a similar form for use in the sale of substantially the same product in its domiciliary state.
- ___ The Insurer is a foreign insurer that is currently marketing equity indexed products in its state of domicile.
- ___ The Insurer is domiciled in Virginia and has been granted licensing authority specifically to sell variable annuities or variable life insurance.
- ___ The Insurer is domiciled in Virginia and attaches and files with this affidavit the following: (i) a plan of operation for the issuance of "equity indexed products" which has been approved by the Board of Directors, (ii) a general description of the products offered and to be offered, (iii) a description of any investment advisory services which may be used to underwrite or market these products; and (iv) a statement of the insurer's actuary describing the mortality, disintermediation, investment and expense risks which the Insurer will bear under these products.

3. The sale of equity indexed products is and will in the future be fully disclosed, in conformity with NAIC annual statement instructions, in the annual statements filed by the Insurer with the Commission, the NAIC, and with the Insurer's state of domicile, and also in quarterly statements filed with the Insurer's state of domicile; and

4. The Insurer is required by its state of domicile to file annually a statement of actuarial opinion prepared by a qualified actuary and setting forth his or her opinion relating to policy reserves and

other actuarial items in the insurer's general AND separate accounts; a copy of the most recently filed statement of actuarial opinion has been filed also with the Commission; and, further, such statement included an asset adequacy analysis that conforms with the rules set forth in 14 VAC 5-310-80; and memoranda complying with 14 VAC 5-310-90 shall be available to the Commission, upon request, for each of the years in which an equity indexed product is offered for sale or delivery or is in force in the Commonwealth of Virginia.

Signature

Print Name

Date

Title

Notarial Acknowledgment

State of _____

County/City of _____

_____, being duly sworn according to law, deposes and says that he/she executed the above instrument and that the statements contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this ___ day of _____, 20__.

Notary Public

(S E A L)

My Commission Expires: _____