

Individual Term and Whole Life Checklist

Every effort has been made to ensure the accuracy of the information in this document. All parties should consult the Texas Insurance Code (TIC), the Texas Administrative Code (TAC), and other applicable laws.

Brief Description - [28 TAC Section 4.627](#)

Page _____ : The brief description; for example, a title, a heading, etc. must not contradict the provisions of the policy.

Payment of Premiums - [TIC Section 1101.004](#) and [28 TAC Section 4.601](#)

Page _____ : Premiums must be payable in advance.

Page _____ : A premium receipt, signed by an officer of the company, must be delivered upon payment of the premium.

Page _____ : A policy which permits a change in the manner of payment of premium:

- may either specify the amount of premiums required for the periods authorized or the formula for the determination of such premiums; or
- may define the amounts by appropriate reference to rates being charged at the date of issue.

Grace Period - [TIC Section 1101.005](#) and [28 TAC Section 4.602](#)

Page _____ : The policy must provide for a grace period of at least one month for the payment of every premium after the first, during which period the policy shall remain in full force and effect. If the grace period is expressed in days, at least 31 days of grace must be granted.

Page _____ : The policy may provide for an interest charge on the unpaid premium during the grace period. If an interest charge is provided for, the interest rate must be specified.

Page _____ : The policy may stipulate that if the insured should die during the grace period, the overdue premium or overdue installment will be deducted from any settlement under the policy. If an interest charge is provided against the overdue payment, the accrued interest may also be deducted.

Entire Contract - [TIC Section 1101.003](#) and [28 TAC Section 4.603](#)

Page _____ : The policy must provide that the policy, or policy and application, shall constitute the entire contract between the parties.

Incontestability - [TIC Section 1101.006](#) and [28 TAC Section 4.604](#)

Page _____ : The policy must state that it is incontestable not later than two years from its effective date.

Page _____ : The policy may contain provisions which allow its validity to be contested at any time whatsoever for:

- nonpayment of premium; or
- violation of the conditions of the policy relating to naval or military services in time of war.

Statement of Insured - [TIC Section 1101.007](#) and [28 TAC Section 4.605](#)

Page _____ : The policy must provide that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties.

Misstatement of Age - [TIC Section 1101.008](#) and [28 TAC Section 4.606](#)

Page _____ : The policy must provide that if the age of the insured has been understated, the amount payable under the policy is the amount that the premium paid would have purchased if the insured's age had been stated correctly.

Policy Loans - [TIC Section 1101.009](#) and [Section 1110.004](#); and [28 TAC Section 4.607](#)

Term life and pure endowment policies are not required to provide loans, even if those policies produce cash values. [TIC Section 1101.009\(a\)](#).

Page _____ : Loans must be made available at any time while the policy is in force after premiums for three full years have been paid and a cash value is available.

Page _____ : The loan clause must provide for proper assignment of the policy to the company.

Page _____ : The policy must be the sole security for the loan.

Page _____ : The maximum rate of interest must be specified:

- that does not to exceed 10% a year; or
- is an adjustable maximum interest rate and does not exceed the lesser of 15% a year; or
- the greater of the Moody's Corporate Bond Yield Average, monthly average for the calendar month that ended two months before the date on which the rate is determined, or the rate used to compute cash surrender values under the life insurance policy plus 1% per year.

Page _____ : The loan clause must provide for lending a sum equal to, or at the option of the policy owner, less than, the cash value of the policy and of any dividend additions.

Page _____ : The policy may provide that the company may deduct from such loan value any existing indebtedness on the policy and any unpaid balance of the premium for the current policy year and may collect interest in advance on the loan to the end of the current year.

Page _____ : Loans may be deferred for not more than six months from the date of receipt of the request by the company, if provided in the policy.

Page _____ : The policy may provide for termination of the policy when the total indebtedness equals or exceeds the cash value.

Page _____ : The policy may not be terminated for failure to pay loan interest when due.

Automatic Premium Loans - [28 TAC Section 4.609](#)

Page _____ : Automatic premium loans do not constitute a stipulated form of insurance and must not be classified as a nonforfeiture value. Automatic premium loans must be revocable at the option of the owner.

Page _____ : If the automatic premium loan provision remains operative after loan values are insufficient to pay the next premium or installment, the policy must define the premium rate to be charged in such a manner as to make possible the determination of the expiry date of the coverage.

Reinstatement - [28 TAC Section 4.611](#)

Page _____ : Policies which have nonforfeiture benefits must provide that if, in the event of default in premium payments, the value of the policy shall be applied for the purchase of other insurance, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and cancelled, the policy may be reinstated within three years, or longer at the option of the company, from such default upon evidence of insurability satisfactory to the company and payment of arrears of premiums with interest. Evidence of insurability need not be restricted to evidence of good health only.

Page _____ : If more than one life is insured, evidence of insurability may be required on each individual as a condition precedent to reinstatement of the policy, but the policy may provide for reinstatement of only those lives which are insurable.

Payment of Claims - [TIC Section 1101.011](#) and [28 TAC Section 4.612](#)

Page _____ : The policy must provide that payment of the death benefit must be made on receipt of, or not later than two months after the date of receipt of, proof of death of the insured and the right of the claimant to the policy proceeds.

Interest on Proceeds - [TIC Section 1103.104](#)

Page _____ : The policy must provide that interest on the proceeds of a life insurance policy accrues from the date the company receives due proof of loss until the date the company accepts the claim and offers to pay.

Page _____ : The interest rate is the rate provided in the policy or, if a rate is not provided in the policy, the rate at which interest accrues on proceeds that are left on deposit with the company.

Conversion - [TIC Section 1101.054](#) and [28 TAC Section 4.618](#)

Page _____ : A conversion provision must:

- state the plan and face amount of the new policy;
- state what premium rates will apply to the new policy;
- discuss the settlement of cash values under the original contract if the policy is converted on a date other than the expiry date; and
- specify that evidence of insurability is not required.

Limitation of Lawsuits - [28 TAC Section 4.619](#)

Page _____ : The policy must not contain a provision limiting the time within which any action at law or in equity may be commenced to less than two years after the cause of action shall accrue.

Backdating Policies - [TIC Section 1101.054](#) and [28 TAC Section 4.620](#)

Page _____ : The policy must not contain a provision by which it is issued or takes effect more than six months before the original application for the insurance was made, if the insured would rate at an age younger than the insured's age at the date when the application was made, according to the insured's age at the nearest birthday.

Settlement at Maturity - [TIC Section 1101.012](#) and [28 TAC Section 4.621\(a\)-\(c\)](#)

Page _____ : A life insurance policy that provides that the policy proceeds are payable in installments must include a table that shows the amount of the installments. If the mortality table includes durational improvements, the policy must include an illustrative table of installment amounts.

Page _____ : If the settlement options provision indicates that modes of payment other than monthly may be available, then the amount of such payments must be determinable from the text. If the settlement option indicates a commuted value or present value, to be paid upon death of a payee, the interest rate used to determine this value must be given.

Page _____ : Settlement must be equal to the face value, plus dividends, less indebtedness to the company on the policy and less premiums that may be deducted by the terms of the policy.

Page _____ : The mortality table, interest rates, and settlement options must be specified in the contract. They may be bracketed, as long as a detailed statement of variability is provided.

Page _____ : The contract must include a statement that settlement options and policy payment amounts will be furnished upon request.

Assignment - [28 TAC Section 4.623](#)

Page _____ : Any assignment provision which attempts to restrict the owner's rights is not permitted. [TIC Section 1701.055\(a\)\(2\)](#)

Page _____ : There is no prohibition against a provision which permits the assignment of the policy benefits or proceeds. However, policies which make provision for dividends, coupon accumulations, or other guaranteed returns, and which also contain provision for the assignment of these funds to a third party for the purpose of establishing an investment for the policyholder are prohibited.

Dividend Benefits - [28 TAC Section 4.624](#)

Page _____ : Any policy which provides for the payment of dividends, coupon benefits, or other guaranteed returns, must specify the disposition which will be made of such accumulations if no option is exercised by the policyholder either on their maturity or in the event of default in premium payments. Acceptable dispositions are that they be:

- applied to the purchase of additional insurance;
- left to accumulate at interest;
- withdrawn in cash; or
- applied to the payment of premiums.

Premiums Paid in Advance (Premium Deposit Fund) - [28 TAC Section 4.625](#)

Page _____ : The policy may contain provisions under which the company will accept advance payments of premiums; but in no event may the company undertake to accept deposits which would exceed the maximum amount required to pay all future premiums which will become due under the policy, including any options contained in the policy.

Page _____ : The policy may permit the insured to withdraw excess deposits in cash, but any provisions which would cause a forfeiture of principal or exact a surrender charge are prohibited.

Page _____ : The policy must state the interest rate used to discount the future premiums and provide for disposition of any unused premiums on surrender of the contract or death of the insured.

Renewal Premium on Term Policies - [28 TAC Section 4.628](#)

Page _____ : Renewable term policies may specify rates for renewal terms in dollars and cents, by reference to rates in use by the company on the original issue date or by reference to the rates in use by the company on the renewal date. If such rates are specified by reference to the rates in effect on the date of issue, such rates shall be submitted with the policy.

Ownership Designation - [TIC Chapter 1701](#) and [28 TAC Section 3.14\(3\)](#)

Any ownership provision which attempts to restrict the owner's rights is not permitted. [TIC Section 1701.055\(a\)\(2\)](#)

Page _____ : The policy must define the owner, his / her rights, and responsibilities.

Page _____ : The policy must address any change in ownership, contingent owner.

Beneficiary Designations - [TIC Chapter 1701](#) and [28 TAC Section 3.14\(3\)](#)

Page _____ : The policy must address the beneficiary, any contingent beneficiary, or change in beneficiary.

Page _____ : The policy must address distribution of the policy's proceeds if no beneficiary is alive when the insured dies.

Actuarial Memorandum - [TIC Chapter 1105](#) and [28 TAC Section 3.62](#)

Page _____ : Provide an actuarial memorandum demonstrating nonforfeiture values and reserves.

Page _____ : For policies which do not generate nonforfeiture values, an actuarial certification must be submitted stating that nonforfeiture values are not required.

Additional Actuarial Requirement for Non-Prepaid Funeral Forms referencing the 1980 CSO Ultimate mortality table - [28 TAC Section 3.62](#)

Page _____ : If the form and actuarial memorandum reference the 1980 CSO Ultimate mortality table, then provide an actuarial certification that the nonforfeiture cash values and reserves are greater by using the 1980 CSO Ultimate table instead of the 2017 CSO table. Also provide a nonforfeiture and reserve demonstration illustrating both tables to support the certification.

Required Nonforfeiture Provisions - [TIC Section 1105.004](#); [28 TAC Section 4.608](#) and [Section 4.610](#)

For individual life forms, the text and specifications of non-forfeiture assumptions generally cannot be considered variable material. [28 TAC Section 3.18\(f\)\(1\)](#)

Page _____ : A life insurance policy must provide that on surrender of the policy not later than

the 60th day after the due date of a premium payment that is in default the company will pay, in lieu of a paid-up nonforfeiture benefit, a cash surrender value in the amount specified by TIC Chapter 1105 if the premiums have been paid for at least three full years;

- provide that a specified paid-up nonforfeiture benefit is effective as specified by the policy unless the person entitled to make the election elects another available option not later than the 60th day after the due date of a premium payment that is in default; and
- provide that on surrender of the policy not later than the 30th day after any policy anniversary the company will pay a cash surrender value if:
 - the policy has become paid up by completion of all premium payments; or
 - the policy is continued under a paid-up nonforfeiture benefit that became effective on or after the third policy anniversary.

Page _____ : A life insurance policy must contain the mortality table and interest rate used to compute the cash surrender values and the paid-up nonforfeiture benefits available under the policy, with a table showing the cash surrender value, if any, and paid-up nonforfeiture benefit, if any, available under the policy on each policy anniversary during the first 20 policy years or the term of the policy, whichever is shorter.

Page _____ : A statement that the cash surrender values and the paid-up nonforfeiture benefits available under the policy are not less than the minimum values and benefits required by the insurance laws of this state.

Page _____ : An explanation of the manner in which the cash surrender values and the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the company on the policy and, if a detailed statement of the method used to compute the values and benefits shown in the policy is not stated in the policy, a statement that the method of computation has been filed with the department.

Page _____ : A statement of the method to be used to compute the cash surrender value and paid-up nonforfeiture benefit available under the policy on any policy anniversary after the last anniversary for which those values and benefits are consecutively shown in the policy.

Page _____ : A company shall reserve the right to defer payment of any cash surrender value for a period of six months after demand for payment of the cash surrender value and surrender of the policy.

Computation of Cash Surrender Value - [TIC Section 1105.008](#)

Page _____ : Any cash surrender value available not later than the 30th day after the date of a policy anniversary under a policy paid up by completion of all premium payments or a policy continued under any paid-up nonforfeiture benefit, must be an amount not less than the present value, on the policy anniversary, of the future guaranteed benefits available under the policy, including any existing paid-up additions, less any indebtedness to the company on the policy.

Computation of Paid-Up Nonforfeiture Benefits - [TIC Section 1105.009](#)

Page _____ : Any paid-up nonforfeiture benefit available under the policy on default in the payment of a premium due on a policy anniversary must be such that its present value as of the policy anniversary is at least equal to the cash surrender value then available under the policy.

Proration of Values - [TIC Section 1105.010](#)

Page _____ : Any cash surrender value and any paid-up nonforfeiture benefit available under a policy on default in the payment of a premium due at any time other than on the policy anniversary must be computed with allowance for the lapse of time and the payment of fractional premiums after the preceding policy anniversary, except that a cash surrender value or nonforfeiture benefit is not required unless the cash surrender value or nonforfeiture benefit was required on the preceding policy anniversary.

Indeterminate Premium Policies - [TIC Section 1105.101](#); [28 TAC Section 4.1002](#), [Section 4.1004](#), [Section 4.1006](#), [Section 4.1010](#)

Page _____ : A brief description (title) disclosing the indeterminate premium nature of the form.

Page _____ : A policy schedule reflecting the initial guaranteed premium and duration of such premium and maximum guaranteed premium thereafter.

Page _____ : A summary of provisions which is a separate form signed by the applicant and submitted to the insurer in conjunction with the application.

Page _____ : Disclosure that the premium might be changed in the policy;

- the frequency of the possible changes, which may not be more often than annually;
- that the non-guaranteed premium (if used in solicitation or advertising) is not guaranteed but the full maximum could be charged; and
- for participating policies, a statement that dividends are only payable if declared by the insurer. If it is not likely that dividends will be paid, a statement to that effect must be included.

Page _____ : A certification signed by an officer must be attached to the filing stating that to the best of their knowledge and belief, the policy submitted is in compliance with [28 TAC Section 4.1002](#):

- any advertising and solicitation will be in compliance with [28 TAC Section 4.1002](#);
- any premium redetermination will not reflect a distribution of company surplus or a return of previously collected premiums; and
- any non-guaranteed premium rates used to market the policy are lower than rates which the insurer is willing to guarantee in a fixed premium policy with the same or similar benefits for insureds of essentially the same class of risk.

Page _____ : A certification signed by a qualified actuary that the maximum premiums specified in the policy do not incorporate an increment as specified in [28 TAC Section 4.1010\(a\)](#).

Blended Mortality Tables - [28 TAC Section 4.1703](#) and [Section 4.1704](#)

An insurer shall not use the blended mortality tables in subsection (b) of this section unless the Norris decision is known to apply to the policies involved, or unless there exists a bona fide concern on the part of the insurer that the Norris decision might reasonably be construed to apply by a court having jurisdiction.

Page _____ : An actuarial certification that the market for the plan of insurance is anticipated to be 90% or more of one sex or the other must be provided, if the mortality table used is the 2001 CSO Table A or G.

Reserves - [TIC Chapter 425](#) and [28 TAC Section 4.4825](#)

Page _____ : The actuarial must provide an appropriate reserve statement.

Stipulated Premium Policies - [TIC Section 884.403\(b\)\(2\)\(A\)](#)

Page _____ : In addition to the preceding requirements, stipulated premium policies must contain on its first page, a notice that the policy does not provide cash surrender values or other paid up nonforfeiture benefits or loan values.

Binding Arbitration and Waiver of Jury Trial - [TIC Chapter 1701](#) and [28 TAC Section 3.14\(3\)](#)

Page _____ : The Texas Department of Insurance is required to verify that approved forms allow consumers all statutory protections granted by the legislature, including rights, benefits, and remedies relating to court access in insurance actions. Mandatory binding arbitration and waiver of jury trial clauses are prohibited because they deny consumers statutorily guaranteed access to courts. Statutory consumer protections include: Texas Insurance Code [Chapters 541](#), [542](#), and [544](#).

Prohibited Provisions - [TIC Section 1701.062](#) and [28 TAC Sections 3.1202 – 3.1203](#)

Page _____ : Discretionary clauses are prohibited.

Accidental Death Benefits - [TIC Chapter 1701](#); [28 TAC Section 3.14\(3\)](#) and [Section 4.615](#)

Page _____ : Death by accident must be clearly defined.

Page _____ : What constitutes “proof of accidental death” must be defined.

Consumer Price Index Benefits - [TIC Chapter 1701](#) and [28 TAC Section 3.14\(3\)](#)

Page _____ : The provision must define the maximum amount to which the face amount will be increased.

Page _____ : The provision must describe the effect a negative Consumer Price Index factor or ratio would have on the benefit.

Submission Requirements for Optional Benefits - [TIC Chapter 1701](#) and [28 TAC Section 3.14\(3\)](#)

For riders, endorsements and amendments refer to the [Life and Annuity Riders, Endorsements, and Amendments Checklist](#).