**20:06:21:05.01.  Relation of benefits to premium for accelerated death benefit on life insurance.** A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to premiums paid, if the policy complies with all of the following provisions:

 (1)  The interest credited internally to determine cash value accumulations, including long-term care, if any, are guaranteed not to be less than the minimum guaranteed interest rate for cash value accumulations without long-term care set forth in the policy;

 (2)  The portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of SDCL 58-15-31;

 (3)  The policy meets the disclosure requirements of §§ 20:06:21:44.01, 20:06:21:47, and 20:06:21:48;

 (4)  Any policy illustration that meets the applicable requirements of chapter 20:06:38; and

 (5)  An actuarial memorandum is filed with the Division of Insurance that includes:

 (a)  A description of the basis on which the long-term care rates were determined;

 (b)  A description of the basis for the reserves;

 (c)  A summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance;

 (d)  A description and a table of each actuarial assumption used. For expenses, an insurer must include percent of premium dollars per policy and dollars per unit of benefits, if any;

 (e)  A description and a table of the anticipated policy reserves and additional reserves to be held in each future year for active lives;

 (f)  The estimated average annual premium per policy and the average issue age;

 (g)  A statement as to whether underwriting is performed at the time of application. If underwriting is used the statement shall include a description of the type or types of underwriting used, such as medical underwriting or functional assessment underwriting. Concerning a group policy, the statement shall indicate whether the enrollee or any dependent will be underwritten and when underwriting occurs; and

 (h)  A description of the effect of the long-term policy provision on the required premiums, nonforfeiture values and reserves on the underlying life insurance policy, both for active lives and those in long-term care claim status.

 **Source:** 28 SDR 157, effective May 19, 2002.

 **General Authority:** SDCL 58-17B-8.

 **Law Implemented:** SDCL 58-17B-8.