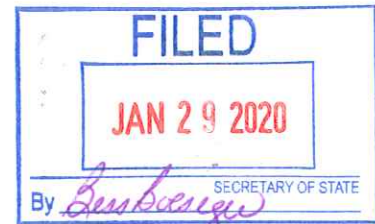


NEBRASKA

Good Life. Great Opportunity.

DEPARTMENT OF INSURANCE



N-O-T-I-C-E

The Director of the Department of Insurance has scheduled a public hearing as required by Administrative Procedure Act, Neb.Rev.Stat. § 84-901 to § 84-920 for the proposed amendments of Title 210, Nebraska Administrative Code, Chapter 59, Rule Implementing Managing General Agents Act and Chapter 82, Military Sales Practice. The proposed amendments remove superfluous and repetitive language and attempt to eliminate especially troubling restrictive words, thereby easing the overall regulatory burden that may be experienced by the public and citizens of Nebraska.

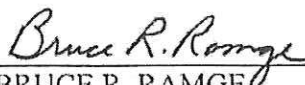
There is no fiscal impact to the Department of Insurance, political subdivisions, or regulated public due to the proposed amendments of Chapters 59 and 82.

Copies of Chapters 59 and 82 are available for public examination at the Department of Insurance, 1135 M Street, Suite 300, PO Box 82089, Lincoln, NE 68501-2089, as well as the Office of the Secretary of State, State Capitol Building, Room 343, Lincoln, NE 68509, the Secretary of State's website at www.sos.nebraska.gov and through the Department of Insurance's website at www.doi.nebraska.gov. A copy of the Fiscal Impact Statement is available at the Department of Insurance and at the Department's website www.doi.nebraska.gov. All persons interested in presenting oral or written views on the proposed amendments of Chapters 59 and 82 will be granted an opportunity at a hearing to be held before the Director of Insurance, beginning at 10:00 am the 26th day of March, 2020, and will continue until concluded. Said hearing will be held in the 2nd Floor Conference Room of the Star Building at 1135 M Street, Lincoln, NE 68501-2089. Interested persons may submit written comment to the Department before the date of the hearing, which will be entered into the record.

Reasonable accommodations will be provided to persons with disabilities upon advanced request. The hearing will be transcribed at the request of any party with the expense of the transcription charged to the requesting party.

All persons interested therein may appear at said time and be heard in reference thereto.

Dated this 28 day of January, 2020.


BRUCE R. RAMGE
Director of Insurance

Bruce R. Ramge, Director
Department of Insurance

1135 M Street, Suite 300
PO Box 82089
Lincoln, Nebraska 68501-2089

OFFICE 402-471-2201 FAX 402-471-4610
www.doi.nebraska.gov

DRAFT FISCAL IMPACT STATEMENT

Agency: Nebraska Department of Insurance	
Title: 210	Prepared by: Thomas Green II
Chapters: 59	Date prepared: 10/7/2019
Subject: Rule Implementing Managing General Agents Act	Telephone: (402) 471-4650

Type of Fiscal Impact:

	State Agency	Political Sub.	Regulated Public
No Fiscal Impact	(X)	(X)	(X)
Increased Costs	()	()	()
Decreased Costs	()	()	()
Increased Revenue	()	()	()
Decreased Revenue	()	()	()
Indeterminable	()	()	()

Provide an Estimated Cost & Description of Impact:

State Agency: No Fiscal Impact

**Political
Subdivision: No Fiscal Impact**

**Regulated
Public: No Fiscal Impact**

If indeterminable, explain why:

JAN 29 2020

DRAFT FISCAL IMPACT STATEMENT

Agency: Nebraska Department of Insurance	
Title: 210	Prepared by: Thomas Green II
Chapters: 82	Date prepared: 10/7/2019
Subject: Military Sales Practices	Telephone: (402) 471-4650

Type of Fiscal Impact:

	State Agency	Political Sub.	Regulated Public
No Fiscal Impact	(X)	(X)	(X)
Increased Costs	()	()	()
Decreased Costs	()	()	()
Increased Revenue	()	()	()
Decreased Revenue	()	()	()
Indeterminable	()	()	()

Provide an Estimated Cost & Description of Impact:

State Agency: **No Fiscal Impact**

**Political
Subdivision:** **No Fiscal Impact**

**Regulated
Public:** **No Fiscal Impact**

If indeterminable, explain why:

JAN 29 2020

Title 210 – NEBRASKA DEPARTMENT OF INSURANCE

Chapter 59 - RULE IMPLEMENTING MANAGING GENERAL AGENTS ACT (AMENDED)

~~001. Authority.~~ This Rule is promulgated pursuant to the authority granted in the ~~Managing General Agents Act, Neb.Rev.Stat. §§44-49091 through 44-4910.~~

002. Purpose. This Rule is promulgated to implement and administer provisions of the Managing General Agents Act.

003. Definitions.

~~003.01~~ The definitions in the ~~Managing General Agents Act as set forth in~~ Neb.Rev.Stat. §44-4902 shall apply in the construction of this Rule ~~in addition to the definitions contained herein.~~

~~003.02~~ Managing general agent means any person who:

~~003.02A~~ Manages all or part of the insurance business of an insurer, including the management of a separate division, department, or underwriting office;

~~003.02B~~ Acts as an agent for such insurer, whether known as a managing general agent, manager, or other similar term, who, with or without the authority, either separately or together with affiliates, produces directly or indirectly, and underwrites in any one quarter or year an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer; and

~~003.02C~~ Has authority to:

~~(a) Adjust or pay any claim exceeding \$10,000.~~

~~(b) Negotiate reinsurance on behalf of the insurer.~~

JAN 29 2020

~~003.03 Exceptions. Managing general agent does not include:~~

~~003.03A An attorney in fact for a reciprocal or inter-insurance exchange under a power of attorney,~~

~~003.03B An employee of the insurer,~~

~~003.03C A United States manager of the United States branch of an alien insurer, or~~

~~003.03D An underwriting manager who, pursuant to contract, manages all or part of the insurance operations of the insurer, is under common control with the insurer, and is subject to the Insurance Holding Company System Act and whose compensation is not based on the volume of premium written.~~

~~003.04 Gross direct written premium includes all premium written by the managing general agent regardless of where the risks are located.~~

~~004. Bond. All managing general agents shall acquire and maintain a surety bond for the protection of the insurer contracting with the managing general agent. The bond shall be at least one hundred thousand dollars or ten percent of the managing general agent's total annual written premium nationwide produced by the managing general agent for the insurer in the prior calendar year, whichever is greater, but not greater than five hundred thousand dollars. Coverage is to shall not be written by anthe insurer that is different from and otherwise not affiliated with or an affiliate of the insurer contracting with the managing general agent. The bond shall be executed by an insurer admitted to do business in Nebraska or by an insurer operating in compliance with the Nebraska Surplus Lines Act with coverage placed through a surplus lines licensee licensed by the Director. The bond shall All bonds are to be executed on a form approved by the Department and executed by an insurer licensed in Nebraska or operating under the Nebraska Surplus Lines Act with coverage placed through a surplus lines licensee, with a copy of the executed bond shall be kept on file for review by any applicable state insurance director, superintendent, or commissioner.~~

005. Records Retention.

~~005.01 The insurer is toshall retain any contract entered into between a managing general agent and an insurer.~~

~~005.02 Every licensed managing general agent shall keep at his, her or its place of business the usual and customary records pertaining to transactions under his, her or its license. All books, bank accounts and records pertaining to business written by the managing general agent are to be retained at the managing general agent's place of business, with all such items madeshall be kept available and open to the inspection of the director or the director's his or her representatives at any time during business hours. Records are toshall be maintained for 25 years following the completion of a liability insurance transaction, seven years following completion of a property insurance transaction, or until any statute of limitations period applicable to potential claims arising thereunder has expired, whichever is later.~~

JAN 29 2020

005.03 Upon termination of the contract between an insurer and a managing general agent is terminated for any reason, all records maintained during the contract period are to be delivered by the managing general agent shall, upon request by the insurer, deliver all records to the insurer within 90 days of any the request.

005.04 If the contract between an insurer and a managing general agent permits the managing general agent to settle claims on behalf of the insurer, the managing general agent shall send the insurer a claim file as soon as it becomes known that such claim might exceed a limit set by the insurer or The amount determined by the director under §44-4904(9)(i) is one-quarter of one percent of the policyholder surplus as reported in the last annual statement of the insurer, whichever is less.

005.05 If the contract between an insurer and a managing general agent permits the managing general agent to settle claims on behalf of the insurer, the managing general agent shall send the insurer a claim file as soon as it becomes known that the claim file is closed by payment of an amount set by the insurer or an amount in excess of The amount set by the director under §44-4904(9)(v) is one-quarter of one percent of the policyholder surplus as reported in the last annual statement of the insurer, whichever is less.

006. Reporting Requirements.

006.01 A domestic insurer are to maintain, at all times, an up-to-date list shall on file with the Department, a current containing all list of names and addresses of all managing general agents with whom which it has a contract, and the name of an officer of the insurer responsible for the contract. The insurer shall provide written notification of changes to the list on a continuing basis.

006.02 A domestic insurer shall file with the Department the name of the officer of the insurer responsible for binding reinsurance contracts in order to demonstrate compliance with Neb. Rev. Stat. §44-4906(4).

007. Independent Audit or Examination.

007.01 An insurer shall retain a current independent audit by a certified public accountant of each managing general agent with which the insurer has done business.

007.02 A managing general agent may be examined by the Department as if it were an insurer. The Department shall retain authority to examine a managing general agent notwithstanding termination of the managing general agent's contractual authority. The expense of such Any examination expenses are to shall be reimbursed to the Department by the insurer employing the managing general agent according to the provisions of the Insurers Examination Act.

008. Severability. If a court holds any section or portion of a section of this rule, or the applicability thereof, ~~to any person or circumstance~~ invalid the remainder of the rule or the applicability of such provision to other persons or circumstances are~~shall~~ not to be affected thereby.

JAN 29 2020

**Title 210 – NEBRASKA DEPARTMENT OF INSURANCE
Chapter 82 - MILITARY SALES PRACTICES**

001. Authority. This Rule is adopted and promulgated pursuant to the authority granted by ~~Neb. Rev. Stat.~~ ~~Neb. Rev. Stat.~~ §-44-1534.01.

002. Purpose.

~~002.01~~ This Rule is promulgated ~~The purpose of this regulation is to set forth standards to protect active duty service members of the United States Armed Forces from dishonest and predatory insurance sales practices by declaring certain identified practices to be false, misleading, deceptive or unfair;~~ nothing contained herein creates or implies private causes of action for any violations.

~~002.02~~ Nothing in this Rule and Regulation shall be construed to create or imply a private cause of action for a violation of this Rule and Regulation.

003. Scope. This ~~Rule~~ ~~regulation~~ ~~shall~~ ~~apply~~ ~~ies~~ only to the solicitation or sale of any life insurance or annuity product by an insurer or insurance producer to an active duty service member of the United States Armed Forces (USAF).

004. Exemptions.

004.01 This ~~rule~~ ~~regulation~~ ~~does~~ ~~shall~~ not apply to solicitations or sales involving:

004.01A Credit insurance;

004.01B Group life insurance or group annuities where there is no ~~in person, face-to-face~~ solicitation of individuals by an insurance producer or where the contract or certificate does not include a side fund;

004.01C An application to the ~~existing~~ insurer that issued the existing policy or contract when a contractual change or a conversion privilege is being exercised; ~~or,~~ when the existing policy or contract is being replaced by the same insurer pursuant to a program filed with and approved by the commissioner; or, when a term conversion privilege is exercised among corporate affiliates;

004.01D Individual stand-alone health and disability income policies, ~~including disability income policies;~~

004.01E Contracts offered by Servicemembers' Group Life Insurance (SGLI) or Veterans' Group Life Insurance (VGLI), as authorized by 38 U.S.C. ~~§~~ Section 1965 *et seq.*;

JAN 29 2020

004.01F Life insurance contracts offered through or by a non-profit military association, qualifying under Internal Revenue Code (IRC) Section 501 (c) (23) of the Internal Revenue Code (IRC), and which are not underwritten by an insurer; or

004.01G Contracts used to fund:

004.01G (1) An ~~e~~Employee pensions or welfare benefit plans that ~~are~~is covered by the Employee Retirement and Income Security Act (ERISA);

004.01G (2) A ~~p~~Plans described by IRC Sections 401(a), 401(k), 403(b), 408(k) or 408(p) of the IRC, as amended, if established or maintained by an employer;

004.01G (3) A ~~g~~Government or church plans defined in IRC Section 414 of the IRC, a government or church welfare benefit plans, or a deferred compensation plans of a state or local government or tax exempt organizations under IRC Section 457 of the IRC;

004.01G (4) A ~~n~~Nonqualified deferred compensation arrangements established or maintained by an employer or plan sponsor;

004.01G (5) Settlements ~~of~~ or assumptions of liabilities associated with personal injury ~~claims litigation or any dispute or claim resolution process~~; or

004.01G (6) A ~~e~~Contracts governed by ~~entered pursuant to~~ the Burial Pre-Need Sale Act.

004.02 Nothing in this Rule and Regulation shall be construed to abrogate will restrict the ability of nonprofit organizations or other organizations to educate members of the USAF pursuant to United States Armed Forces in accordance with Department of Defense DoD Instruction 1344.07 – PERSONAL COMMERCIAL SOLICITATION ON DOD INSTALLATIONS, or successor directive.

004.03 For purposes of this rule regulation, "solicitation" does not include general advertisements, direct mail and internet marketing, ~~shall not constitute "solicitation."~~ Telephone marketing is not shall not constitute "solicitation" provided the caller explicitly and conspicuously discloses that the product concerned is life insurance and ~~makes no statements that avoid a clear and unequivocal statement that life insurance is the subject matter of the solicitation.~~ Provided however, nothing in this subsection shall be construed to exempt an insurer or insurance producer from this regulation in any in-person, face-to-face meeting established as a result of the "solicitation" exemptions identified in this subsection.

005. Definitions.

JAN 29 2020

005 As used in this rule regulation:

005.01 “Active Duty” carries the same definition as that included in 38 U.S.C. § 1965(1). ~~means full-time duty in the active military service of the United States and includes members of the reserve component (National Guard and Reserve) while serving under published orders for active duty or full-time training. The term does not include members of the reserve component who are performing active duty or active duty for training under military calls or orders specifying periods of less than 31 calendar days.~~

005.02 “Department of Defense (DoD) Personnel” means all active duty service members and all civilian employees, including nonappropriated fund employees and special government employees, of the Department of Defense.

005.03 “Door to Door” means a solicitation or sales method whereby an insurance producer proceeds randomly or selectively from household to household without prior specific appointment.

005.04 “General Advertisement” means an advertisement having as its sole purpose the promotion of the ~~reader's or viewer's~~ interest in the concept of insurance, ~~or the promotion of the insurer, or the insurance producer.~~

005.05 “Insurer” means an insurance company required to be licensed under Nebraska law ~~the laws of this state~~ to provide life insurance products, including annuities.

005.06 “Insurance producer” carries the same definition as that set out in Neb.Rev.Stat. §44-103(10) ~~means a person required to be licensed under the laws of this state to sell, solicit or negotiate life insurance, including annuities.~~

005.07 “Known” or “Knowingly” means, depending on its use ~~herein~~, the insurance producer or insurer had actual awareness, or in the exercise of ordinary care should have known, at the time of the act or practice complained of, that the person solicited is a service member.

005.07 A ~~is a service member; or~~

005.07 B ~~is a service member with a pay grade of E-4 or below.~~

005.08 “Life Insurance” means insurance coverage on human lives including benefits of ~~endowment and annuities~~, and may include: (a) benefits in the event of death or dismemberment by accident; and (b) benefits for disability income; and (c) ~~unless otherwise specifically excluded,~~ includes individually issued annuities unless otherwise excluded.

005.09 “Military Installation” means any federally owned, leased, or operated base, reservation, post, camp, building, or other facility to which service members are assigned for duty, including barracks, transient housing, and family quarters.

JAN 29 2020

005.10 “MyPay” is a Defense Finance and Accounting Service (DFAS) web-based system that enables service members to process certain discretionary pay transactions or provide updates to personal information data elements without using paper forms.

005.11 “Service Member” means any active duty officer (commissioned and warrant) or enlisted member of the USAF~~United States Armed Forces~~.

005.12 “Side Fund” means a fund or reserve that is part of or otherwise attached to a life insurance policy (excluding individually issued annuities) by rider, endorsement or other mechanism which accumulates premium or deposits with interest or ~~by other means~~. The term does not include:

005.13 A accumulated value, ~~or cash value~~, or secondary guarantees provided by a universal life policy;

005.13 B cash values provided by a whole life ~~policies~~policy which are subject to standard nonforfeiture law for life insurance; or

005.13 C a premium deposit fund which:

005.13 C (1) contains only premiums paid in advance which accumulate at interest;

005.13 C (2) imposes no penalty for withdrawal;

005.13 C (3) does not permit funding beyond future ~~mandatory~~required premiums;

005.13 C (4) is not marketed or intended as an investment; and

005.13 C (5) does not carry a commission, either paid or calculated.

005.14 “Specific Appointment” means a prearranged meeting at a specific place and time ~~appointment agreed upon by both parties and definite as to place and time~~.

005.15 “United States Armed Forces (USAF)” means all components of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

006. Practices Declared False, Misleading, Deceptive or Unfair on a Military Installation.

006.01 The following acts or practices when committed on a military installation by an insurer or insurance producer ~~with respect to the in-person, face to face solicitation of life insurance~~ are declared to be false, misleading, deceptive or unfair:

006.01 (A) Knowingly soliciting ~~the purchase of any life insurance product~~ “door to door” or without first establishing a specific appointment ~~for each meeting~~ with the prospective purchaser.

006.01 (B) Soliciting service members in a group or “mass” audience ~~or in a~~ “captive” audience where attendance is not voluntary.

006.01 (C) Knowingly making appointments with or soliciting service members during their normally scheduled duty hours.

006.01 (D) Making appointments with or soliciting service members in barracks, day rooms, unit areas, or transient personnel housing or any other areas where the installation commander has ~~barred~~ prohibited solicitation.

006.01 (E) Soliciting the sale of life insurance without first obtaining permission from the installation commander or the commander's designee.

006.01 (F) Posting unauthorized bulletins, notices or advertisements.

006.01 (G) Failing to present DD Form 2885, *Personal Commercial Solicitation Evaluation*, to service members solicited or encouraging service members solicited not to complete or submit a DD Form 2885.

006.01 (H) Knowingly accepting an application for life insurance or issuing a policy of life insurance on the life of an enlisted member of the USAF~~United States Armed Forces~~ without first obtaining ~~for the insurer's files a completed copy of any required~~ all forms which confirms that the applicant has received counseling or fulfilled any ~~other~~ similar requirements for the sale of life insurance established by regulations, directives or rules of the DoD or any branch of the USAF~~Armed Forces~~.

~~006.02~~ The following acts or practices when committed on a military installation by an insurer or insurance producer constitute corrupt practices, improper influences or inducements and are declared to be false, misleading, deceptive or unfair:

006.021 (A) Using DoD personnel, directly or indirectly, as a representative or agent in any official or business capacity with or without compensation with respect to the solicitation or sale of life insurance to service members.

006.012 (B) ~~Using~~ Having an insurance producer to participate in any USAF~~United States Armed Forces~~ sponsored education or orientation program.

007. Practices Declared False, Misleading, Deceptive or Unfair Regardless of Location.

007.01 The following acts or practices by an insurer or insurance producer ~~constitute corrupt practices, improper influences or inducements and~~ are declared to be false, misleading, deceptive or unfair:

007.01 (A) Submitting, processing or assisting in the submission or processing of any allotment form or similar device used by the USAF~~United States Armed Forces~~ to direct a service member's pay to a third party for the purchase of life insurance. The foregoing includes, but is not limited to, using or assisting in using a service member's "MyPay" account or other similar internet or electronic medium for such purposes. This subsection does not prohibit assisting a

service member by providing insurer or premium information necessary to complete any allotment form.

007.01 (B) Knowingly receiving funds from a service member for the payment of premium from a depository institution with which the service member has no formal banking relationship. For purposes of this section, a formal banking relationship is established when the depository institution:

007.01 (B) (1) provides the service member a deposit agreement, and periodic statements and makes the disclosures outlined in required by the Truth in Savings Act, 12 U.S.C. § 4301 *et seq.* and the regulations promulgated thereunder; and

007.01 (B) (2) permits the service member to make deposits and withdrawals unrelated to the payment or processing of insurance premiums.

007.01 (C) Employing any device or method or entering into any agreement whereby funds received from a service member by allotment for the payment of insurance premiums are identified on the service member's Leave and Earnings Statement or equivalent or successor form as "Savings" or "Checking" and where the service member has no formal banking relationship as defined in subsection 007.01 (B).

007.01 (D) ~~Entering into any agreement with a depository institution for the purpose of receiving funds from a service member whereby the depository institution, with or without compensation, agrees to accept direct deposits from a service member with whom it has no formal banking relationship.~~

007.01 (E) ~~Using DoD personnel, directly or indirectly, as a representative or agent in any official or unofficial capacity with or without compensation with respect to the solicitation or sale of life insurance to service members (or their family members) that who are junior in rank or grade, or to the family members of such personnel.~~

007.01 (F) ~~Offering or giving anything of value, directly or indirectly, to DoD personnel to procure their assistance in encouraging, assisting or facilitating the solicitation or sale of life insurance to another service member.~~

007.01 (G) ~~Knowingly offering or giving anything of value to a service member with a pay grade of E-4 or below for his or her attendance to any event where an application for life insurance is solicited.~~

007.01 (H) ~~Advising a service members with a pay grades of E-4 and below to change their his or her income tax withholdings or States of legal residence for the sole purpose of increasing disposable income to purchase life insurance.~~

007.02 ~~The following acts or practices by an insurer or insurance producer lead to confusion regarding source, sponsorship, approval or affiliation and are declared to be false, misleading, deceptive or unfair:~~

JAN 29 2020

007.012 (HA) Making any representation, or using any device, title, descriptive name or identifier that has the tendency or capacity to confuse or mislead a service member into believing that the insurer, insurance producer or product offered is affiliated, connected or associated with, endorsed, sponsored, sanctioned or recommended by the U.S. Government, the USAF ~~United States Armed Forces~~, or any state or federal agency or government entity. Examples of ~~improper prohibited~~ insurance producer titles include, ~~but are not limited to~~, "Battalion Insurance Counselor," "Unit Insurance Advisor," "Servicemen's Group Life Insurance Conversion Consultant" or "Veteran's Benefits Counselor."

Nothing herein ~~may~~ shall be construed to prohibit a person from using a professional designation awarded after the successful completion of a course of instruction in the business of insurance by ~~an accredited institutions or organizations of higher learning~~. Some such designations include, but are not limited to, Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Certified Financial Planner (CFP), Master of Science ~~In~~ Financial Services (MSFS), or Masters of Science Financial Planning (MS).

007.012 (IB) ~~Soliciting the purchase of any life insurance product through the use of or in conjunction with any third party organization that promotes the welfare of or assists members of the USAF~~ United States Armed Forces in a manner that has the tendency or capacity to confuse or mislead a service member into believing that either the insurer, insurance producer or insurance product is affiliated, connected or associated with, endorsed, sponsored, sanctioned or recommended by the U.S. Government, or the USAF ~~United States Armed Forces~~.

007.03 ~~The following acts or practices by an insurer or insurance producer lead to confusion regarding premiums, costs or investment returns and are declared to be false, misleading, deceptive or unfair:~~

007.013 (AJ) Using or describing the credited interest rate on a life insurance policy in a manner that implies that the credited interest rate is a net return on premium paid.

007.013 (BK) Excluding individually issued annuities, misrepresenting the mortality costs of a life insurance product, including stating or implying that the product "costs nothing" or is "free."

007.04 ~~The following acts or practices by an insurer or insurance producer regarding SGLI or VGLI are declared to be false, misleading, deceptive or unfair:~~

007.014 (AL) Making any false, misleading or deceptive representation regarding the availability, suitability, amount, cost, exclusions or limitations to coverage provided to a service member or dependents by SGLI or VGLI, ~~which is false, misleading or deceptive~~.

007.014 (BM) Making any false, misleading or deceptive representation regarding conversion requirements, including the costs of coverage, or exclusions or limitations to coverage of SGLI or VGLI to private insurers, ~~which is false, misleading or deceptive~~.

007.014 (CN) Suggesting, ~~or recommending or encouraging~~ a service member to cancel or terminate ~~an~~ his or her SGLI policy or issuing a life insurance policy which replaces an existing

JAN 29 2020

SGLI policy unless the replacement shall take effect upon or after the service member's separation from the USAUnited States Armed Forces.

~~007.05~~ The following acts or practices by an insurer and or insurance producer regarding disclosure are declared to be false, misleading, deceptive or unfair:

~~007.015 (AO)~~ Deploying, using or contracting for any lead generating materials designed exclusively for use with service members that do not clearly and conspicuously disclose that the recipient will be contacted by an insurance producer, ~~if that is the case,~~ for the purpose of soliciting the purchase of life insurance.

~~007.015 (BP)~~ Failing to disclose that a solicitation for the sale of life insurance will be made when establishing a specific appointment for ~~an in-person,~~ face-to-face meeting with a prospective purchaser.

~~007.015 (CQ)~~ Excluding individually issued annuities, failing to clearly and conspicuously disclose the fact that the product being sold is life insurance.

~~007.015 (DR)~~ Failing to make, at the time of sale or offer to an individual known to be a service member, the written disclosures outlined inrequired by Section 10 of the "Military Personnel Financial Services Protection Act," Pub. L. No. 109-290, p.16.

~~007.015 (ES)~~ Excluding individually issued annuities, when the sale is conducted ~~in-person~~ face-to-face with an individual known to be a service member, failing to provide the applicant at the time the application is taken:

~~007.015 (ET) (1)~~ an explanation of any free look period with instructions on how to cancel if a policy is issued; and

~~007.05 (ET) (2)~~ either a copy of the application or a written disclosure. The copy of the application or the written disclosure needs toshall clearly and concisely set out the type of life insurance, the death benefit, ~~applied for and~~ theits expected first year cost. A basic illustration that meets the requirements of Title 210 Neb. Admin. Code §72Nebraska Administrative Code Chapter 72 shall be deemed is sufficient to meet this requirement ~~for a written disclosure.~~

~~007.06~~ The following acts or practices by an insurer or insurance producer with respect to the sale of certain life insurance products are declared to be false, misleading, deceptive or unfair:

~~007.016 (AU)~~ Excluding individually issued annuities, recommending the purchase of any life insurance product which includes a side fund to a service members in pay grades E-4 and below unless the insurer has reasonable grounds for believing that the life insurance death benefit, standing alone, is suitable.

~~007.016 (BV)~~ Offering ~~for sale or~~ selling a life insurance product which includes a side fund to a service members in pay grades E-4 and below who isare currently enrolled in SGLI, ~~is presumed~~ unsuitable unless, after the completion of a needs assessment, the insurer demonstrates that the

JAN 29 2020

applicant's SGLI death benefit, together with any ~~other~~ military survivor benefits, savings, and investments, survivor income, and other life insurance are insufficient to meet the applicant's insurable needs, ~~for life insurance.~~

007.016 (BV) (1) "Insurable needs" are the risks associated with premature death taking into consideration the financial obligations and immediate and future cash needs of the applicant's survivors, dependents and estate, ~~and/or survivors or dependents.~~

007.016 (BV) (2) "~~Other m~~Military survivor benefits" include such things as, ~~but are not limited to:~~ the Death Gratuity, Funeral Reimbursement, Transition Assistance, Survivor and Dependents' Educational Assistance, Dependency and Indemnity Compensation, TRICARE Healthcare benefits, Survivor Housing Benefits and Allowances, Federal Income Tax Forgiveness, and Social Security Survivor Benefits.

007.016 (EW) Excluding individually issued annuities, offering for sale or selling any life insurance contract which includes a side fund:

007.016 (EW) (1) unless interest credited accrues from the date of deposit to the date of withdrawal and permits withdrawals without limit or penalty;

007.016 (EW) (2) unless the applicant has been provided with a schedule of effective rates of return based upon cash flows of the combined product. For this disclosure, the effective rate of return will consider all premiums and cash contributions made by the policyholder and all cash accumulations and cash surrender values available to the policyholder in addition to life insurance coverage. This schedule will be provided ~~for at least each of the first ten policy years from one (1) to ten (10) and for every fifth policy year thereafter,~~ ending at age 100, policy maturity or final expiration; and

007.016 (EW) (3) which ~~by default~~ diverts or transfers funds accumulated in the side fund to pay, reduce or offset any premiums due.

007.016 (DX) Excluding individually issued annuities, offering ~~for sale or selling~~ any life insurance contract which after considering all policy benefits, including but not limited to endowment, return of premium or persistency, does not comply with standard life insurance nonforfeiture law ~~for life insurance.~~

007.016 (EY) Selling any life insurance product to an individual known to be a service member that excludes coverage if the insured's death is related to war, declared or undeclared, or any act related to military service except for an accidental death coverage, e.g., double indemnity, which may be excluded.

008. Severability.

If any provision of this ~~Rule~~ sections or the application thereof ~~to any person or circumstance~~ is held invalid for any reason, the invalidity will ~~shall~~ not affect the other provisions or any other

JAN 29 2020

application ~~thereof~~ of these sections which can be given effect without the invalid provisions or application. To this end all provisions of these sections are declared to be severable.

009. Effective Date.

This ~~rule regulation shall become~~ effective January 1, 2009 and shall ~~apply~~ applies to acts or practices committed on or after ~~that~~ the effective date.

JAN 29 2020