

**GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE
CHECK LIST FOR VARIABLE ANNUITY CONTRACTS**

COMPANY: _____
FORM NUMBER: _____

| REGULATION | REQUIREMENTS | Reference /Page/ Paragraph | |
|--|--------------|---|--|
| Rule XLV of the Regulations of the Insurance Code of Puerto Rico | § 2(a) | No insurer may deliver or issue for delivery variable contracts unless it is licensed to do a life insurance business in Puerto Rico. | |
| | § 5 | The applicable requirements under the Insurance Code of Puerto Rico of Puerto Rico and its Regulation with respect to the filing of individual or group annuity contracts shall apply, to the extent appropriate, to variable contracts. | |
| | § 6(a) | Any variable contract delivery or issued for delivery in Puerto Rico shall contain a statement of the essential features of the procedures to be used by the insurer in determining the dollar amount of the variable benefit provided under such contract. | |
| | § 6(a) | Such contract, including a group contract and the certificate evidencing variable benefits issued thereunder, shall explain that such dollar amount will vary in accordance with the investment experience and shall contain on its first page a statement to the effect that the benefits thereunder are on a variable basis. | |
| | § 6(b) | Illustration of benefits payable under a variable contract shall not include projections of past investment experience into the future or predictions of future investment experience; provided that nothing contained herein prohibits the use of hypothetical assumed rates of return illustrate possible levels of benefits provided that the fact that they are used is clearly stated. | |
| | § 6(c) | An individual variable annuity that requires the payment of periodic stipulated payments shall contain in substance the following provisions: | |
| | § 6(c)(i) | A provision to the effect that there shall be a grace period of one month, but not less than 30 days, within which any stipulated payments to the insurer falling due after the first may be made, during which grace period the contract shall continue in force. | |
| | § 6(c)(ii) | A provision to the effect that at any time within one year from the date of default in making periodic stipulated payments to the insurer during the life of the annuitant, unless the cash surrender value has payments and of all indebtedness to the insurer plus interest at a rate that shall be specified in the contract, but which shall not exceed six (6) percent per annum. | |
| | § 6(d) | Any variable contract delivery or issued for delivery in Puerto Rico shall stipulate the investment increment factors to be used in determining the dollar amount of variable benefits or other payments or variable values thereunder; said contract may guarantee that expense and/or mortality results shall not adversely effect such amounts. | |
| | § 6(d) | The expense and mortality factors shall be stipulated in the contract in the case of an individual variable contract under which said results may adversely affect the dollar amount of benefits. | |

**GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE
CHECK LIST FOR VARIABLE ANNUITY CONTRACTS**

| REGULATION | REQUIREMENTS | Reference /Page/ Paragraph |
|--|---|---|
| Rule XLV of the Regulations of the Insurance Code of Puerto Rico | § 6(d) | In determining the dollar amount of variable benefits or of any other contractual payment or value under an individual variable contract must comply with the following: |
| | § 6(d) | (i) the net investment increment factor shall not exceed 5%, except with the approval of the Commissioner; |
| | § 6(d) & Ruling Letter N-AM-12-68-2005 of December 14, 2005 | (ii) to the extent that the level of benefits may be affected by future mortality results, the mortality factor shall be determined by using the Mortality Table CSO of 2001 or any other table adopted by the National Association of Insurance Commissioners or any other table approved by the Commissioner. |
| | § 6(d) | The term "expense", as used in this section, may exclude some or all taxes, as stipulated in the contract. |
| | § 6(f) | The following information shall be furnished to an applicant for a variable contract <u>prior</u> to execution of the application: |
| | § 6(f)(i) | A description in simple terms of the principal characteristics of the variable nature of the contract and of the manner in which the variable benefits reflect the investment experience of a separate account, |
| | § 6(f)(ii) | A brief description of the investment policy for the separate account used for such contract |
| | § 6(f)(iii) | A summary financial statement of the insurer and the separate account based upon the last annual statement filed with the Commissioner, except that for a period of four months after the filing of an annual statement said summary statement may be based upon the last previous annual statement filed, |
| | § 6(f)(iv) | Any other information that the insurer deems appropriate. |
| | | A copy of the statement containing the foregoing information shall be filed with the Commissioner for his approval. |
| INDIVIDUAL CONTRACTS | | |
| Chapter 13 of the Insurance Code of Puerto Rico | § 1317 | Grace Period provision |
| | § 1318 | Incontestability Provision |
| | § 1319 | Entire Contract Provision |
| | § 1320 | Misstatement of Age or Sex Provision |
| | § 1321 | Dividends |
| | § 1322 | Reinstatement |
| | § 1326 | Limits of Liability |

**GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE
CHECK LIST FOR VARIABLE ANNUITY CONTRACTS**

| REGULATION | | REQUIREMENTS | Reference /Page/ Paragraph |
|---|---|---|-------------------------------|
| Chapter 13 of the Insurance Code of Puerto Rico | § 1327 | Incontestability after reinstatement Provision | |
| | § 1334 | Statement in Contract Requirement | |
| GROUP CONTRACTS | | | |
| Chapter 14 of the Insurance Code of Puerto Rico | § 1405 | Incontestability Provision | |
| | § 1406 | A provision setting forth the conditions, <u>if any</u> , under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his coverage. | |
| | § 1407 | Age falsely stated Provision | |
| | § 1408 | Provision to facilitate payment | |
| | § 1409 | Issuance of certificate | |
| ADDITIONAL REQUIREMENTS | | | |
| The insurer must submit evidence that the variable annuity contract was registered by the Commissioner of Financial Institutions of Puerto Rico in order to verify if the such contract complies with § 13.450 of the Insurance Code of Puerto Rico of Puerto Rico. | | | |
| If the contract is registered with the Securities and Exchange Commission, evidence of such record must be submitted. | | | |
| Circular Letter No. 2007-1775-AV of June 15, 2007 | As a requirement, the below certification must be completed, signed and included with the filing. | | |

CERTIFICATION

I _____ have reviewed or supervised the preparation of the above form(s) and certify that the same comply with all of the applicable requirements of the Variable Annuity Contracts Check List and that the filing does not contain dispositions previously disapproved or required to be corrected by the Office of the Commissioner of Insurance of Puerto Rico. I also acknowledge responsibility for the validity, accuracy and completeness of the contents of the transmittal letter and enclosures with this filing.

Signature: _____

Date: _____