

3901-9-04

Insurance company questions on life insurance applications to identify and prevent stranger originated life insurance.**(A) Purpose**

The purpose of this rule is to provide guidance to life insurance companies regarding the types of questions that must be included on life insurance applications pursuant to division (B) of section 3916.05 of the Revised Code to identify and prevent stranger-originated life insurance (STOLI).

(B) Authority

This rule is adopted pursuant to sections 3901.04, 3901.041, 3916.05 and 3916.20 of the Revised Code.

(C) Applicability and scope

This rule applies to all insurers engaged in the business of insurance in this state that issue life insurance policies.

(D) Definitions

- (1) "Life insurance applications" mean all applications for life insurance marketed, solicited, sold, or issued in this state except for the following:
 - (a) Applications for credit life insurance;
 - (b) Applications for life insurance policies to be owned by a qualified retirement plan;
 - (c) Applications for term life insurance.
 - (d) Applications for group insurance other than the application submitted for the master group contract;
 - (e) Applications used in worksite marketing and direct-response solicitations.
 - (f) Applications for policies with a death benefit not exceeding fifty thousand dollars;
 - (g) An application to replace a policy when the application is to be submitted to the same insurer that issued the existing policy or contract, so long as the replacement policy's death benefit does not exceed fifty thousand dollars;

(h) An application for reinstatement of a previously issued policy, so long as the reinstated policy's death benefit does not exceed fifty thousand dollars;

(i) An application to make changes to an in-force policy, so long as the in-force policy's death benefit does not exceed fifty thousand dollars.

(E) Questions related to the characteristics of stranger-originated life insurance policies (STOLI)

Each application for a policy of life insurance issued in this state shall include questions reasonably structured to identify and prevent policies from being purchased for the purpose of entering into a STOLI transaction as defined by division (W) of section 3916.01 of the Revised Code.

(F) Using more than one policy form and applications

(1) A company that issues more than one policy form in this state is not required to include identical questions related to the characteristics of STOLI on all of its applications for life insurance. Questions may vary based on the type of product being applied for, the amount of insurance being applied for and the likelihood that such policy is a STOLI transaction.

(2) A company may comply with this rule by use of one or more forms of an addendum to its application forms in use.

(G) Requirements for applications

(1) Unless excepted by paragraph (D)(1) of this rule, all applications for life insurance issued, delivered or used in this state must include questions related to STOLI.

(2) Insurers shall file the amended application forms with the superintendent as required by division (B) of section 3916.05 of the Revised Code within twelve months following the effective date of this rule.

(H) Penalties

Violations of this rule shall be an unfair and deceptive trade practice under sections 3901.19 to 3901.26 of the Revised Code.

(I) Severability

If any paragraph, subparagraph, term, or provision of this rule be adjudged invalid for any reason, such judgment shall not affect, impair, or invalidate any other paragraph, subparagraph, term, or provision of this rule, but the remaining

paragraphs, subparagraphs, terms, and provisions shall be and continue in full force and effect.

Five Year Review (FYR) Dates: 2/3/2021 and 08/30/2025

CERTIFIED ELECTRONICALLY

Certification

02/03/2021

Date

Promulgated Under:	119.03
Statutory Authority:	3916.05, 3916.20, 119.03
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