

## 11 NCAC 12 .0603 OTHER DEFINITIONS

When used in the rules in this Section:

- (1) "Direct-response solicitation" means a solicitation through a sponsoring or endorsing entity, or individually, solely through mails, telephone, the Internet or other mass communication media.
- (2) "Existing insurer" means the insurance company whose policy or contract is or will be changed or affected in a manner described within the definition of "replacement" in 11 NCAC 12 .0602.
- (3) "Existing policy or contract" means an individual life insurance policy (policy) or annuity contract (contract) in force, including a policy under a binding or conditional receipt or a policy or contract that is within an unconditional refund period.
- (4) "Financed purchase" means the purchase of a new policy involving the actual or intended use of funds obtained by the withdrawal or surrender of, or by borrowing from values of an existing policy to pay all or part of any premium due on the new policy. For purposes of a regulatory review of an individual transaction only, if a withdrawal, surrender or borrowing involving the policy values of an existing policy is used to pay premiums on a new policy owned by the same policyholder and issued by the same company within four months before or 13 months after the effective date of the new policy, it shall be deemed prima facie evidence of the policyholder's intent to finance the purchase of the new policy with existing policy values. This prima facie standard is not intended to increase or decrease the monitoring obligations contained in 11 NCAC 12 .0607(1)(e).
- (5) "Illustration" means a presentation or depiction that includes non-guaranteed elements of a policy of life insurance over a period of years as defined in 11 NCAC 04 .0501(b)(8).
- (6) "Policy summary" means:
  - (a) For policies or contracts other than universal life policies, a written statement regarding a policy or contract which contains, to the extent applicable, the following information:
    - (i) current death benefit;
    - (ii) annual contract premium;
    - (iii) current cash surrender value;
    - (iv) current dividend;
    - (v) application of current dividend; and
    - (vi) amount of outstanding loan.
  - (b) For universal life policies, a written statement that contains the following information:
    - (i) the beginning and end date of the current report period;
    - (ii) the policy value at the end of the previous report period and at the end of the current report period;
    - (iii) the total amounts that have been credited or debited to the policy value during the current report period, identifying each by type (e.g., interest, mortality, expense and riders);
    - (iv) the current death benefit at the end of the current report period on each life covered by the policy;
    - (v) the net cash surrender value of the policy as of the end of the current report period; and
    - (vi) the amount of outstanding loans, if any, as of the end of the current report period.
- (7) "Producer" includes duly licensed agents and brokers as defined by G.S. 58-33-10(7).
- (8) "Replacing insurer" means the insurance company that issues or proposes to issue a new policy or contract that replaces an existing policy or contract or is a financed purchase.
- (9) "Registered contract" means a variable annuity contract or variable life insurance policy subject to the prospectus delivery requirements of the Securities Act of 1933.
- (10) "Sales material" means a sales illustration and any other written, printed or electronically presented information created, or completed or provided by the company or producer and used in the presentation to the policy or contract owner related to the policy or contract purchased.

*History Note: Authority G.S. 58-2-40; 58-3-115; 58-58-1; 58-58-40;  
Eff. October 1, 1985;  
Amended Eff. August 1, 2004;*

*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, 2018.*