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**BULLETIN**

**TO: ALL LIFE INSURANCE COMPANIES LICENSED TO  
DO BUSINESS IN THE STATE OF MARYLAND**

**RE: FLEXIBLE PREMIUM UNIVERSAL LIFE (UL) AND VARIABLE  
PREMIUM UNIVERSAL LIFE (VUL) POLICY FORMS  
CONTAINING LONG-TERM SECONDARY GUARANTEES**

**DATE: April 11, 2002**

**BULLETIN NO. Life and Health 02-09**

The purpose of this bulletin is to notify you that the Maryland Insurance Administration (MIA) will permit flexible premium universal life (UL) and variable premium universal life (VUL) policy forms for use in Maryland that contain long-term secondary guarantees without requiring alternative cash values. The issue is presently under consideration by the NAIC Life and Health Actuarial Task Force. The MIA will revisit this issue in the event that the NAIC should take definitive action to the contrary.

Secondary guarantees were initially a means to keep a UL or VUL policy in force during early durations when it otherwise would have lapsed due to surrender charges. These guarantees were gradually extended to provide long-term assurance that a UL or VUL contract would not lapse as long as certain minimum premiums were paid. These secondary guarantees keep UL and VUL policies in force, under certain circumstances, even when cash values or account values are exhausted.

The MIA has been permitting secondary guarantees with durations of less than 20 years. The MIA will now permit secondary guarantees with durations of 20 years or more, without additional nonforfeiture requirements, provided that consumers are informed of the effects of the secondary guarantees on policy values. Companies seeking approval of UL and VUL policies with secondary guarantees having durations of 20 years or more must certify that a notice containing the information shown on the attachment will be delivered to applicants at time of application.

If you have any questions on this matter, please call (410) 468-2170 and mention this bulletin by bulletin number.

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Wendy J. Taparanskas, Ph.D.  
Associate Commissioner  
Life and Health

Attachment

**MARYLAND DISCLOSURE STATEMENT  
FOR UNIVERSAL LIFE CONTRACTS  
WITH NO-LAPSE GUARANTEES  
OF 20 YEARS OR MORE**

This policy provides cash values that may be less than cash values under a term policy with the same guarantees.

In addition, please be aware that you may be paying for this policy's no-lapse guarantee by higher cost-of-insurance charges, or lower returns on your investment or by some other pricing method even if there is no separately identified premium for the no-lapse guarantee.