



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN S-16
DECEMBER 10, 2014

**TO: ALL INSURANCE COMPANIES AND FRATERNAL BENEFIT SOCIETIES
THAT DELIVER OR ISSUE LIFE INSURANCE POLICIES IN CONNECTICUT**

RE: TELEPHONIC APPLICATIONS

This bulletin repeals and replaces Bulletin S-15 issued on June 4, 2014.

Public Act 14-108 requires insurers that issue individual life insurance policies on or after January 1, 2015 to notify applicants in writing at the time of application of the right to designate a third party to receive notice of cancellations of the policy due to nonpayment of premium. The applicant may make such designation at the time of application or at any time the policy is in force by submitting a written notice to the insurer containing the name and address of the third-party designee. Carriers have requested clarification on how this requirement will be interpreted with regard to telephonic applications.

Carriers are reminded of the general requirements for telephonic applications as follows. These requirements apply to both group and individual insurance policies.

- No person shall sell, solicit or negotiate insurance in this state for any class or classes of insurance unless the person is licensed for that line of authority in accordance with sections 38a-702a to 38a-702r, inclusive.
 - “Negotiate” means the act of conferring directly with, or offering advice directly to, a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of the contract, provided the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.
 - “Sell” means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company.
 - “Solicit” means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company.

- An individual that simply collects the data over the phone to populate an application does not need to be a licensed producer as long as such individual does not negotiate, sell or solicit insurance during the call. Applicants must be referred to licensed producers if there are questions regarding the insurance coverage or to complete the sale.
- The application including any worksheets or supplemental questions asked during data collection that may be used in the application process must be filed for review even if not ultimately part of the contract. This is to ensure that questions not permitted on the approved application are not asked during data collection for use in underwriting. Only those documents that become part of the contract are subject to prior approval.
- The completed application must be delivered for review and signature prior to the delivery of the contract. Delivery may be electronic and electronic signatures are acceptable. Voice response signatures during data collection by a non-licensed individual are not permitted as a signature on the application.
- The application must include disclosure that the completed application should be reviewed carefully. Any material misrepresentation contained in the application could be used to rescind the policy, even if it was not an intentional misrepresentation. Language comparable to the following disclosure must be directly above the signature. If there is any federal requirement that requires other disclosure immediately above the signature, the disclosure required by this bulletin should be just above the federal disclosure.

“REVIEW THE ANSWERS ON THIS APPLICATION CAREFULLY. IF ANY OF YOUR ANSWERS ARE INCORRECT OR UNTRUE, EVEN IF UNINTENTIONAL, THE COMPANY MAY HAVE THE RIGHT TO DENY BENEFITS OR RESCIND YOUR COVERAGE IF THE MISREPRESENTATION IS DEEMED TO BE MATERIAL.”

- The company must certify that all of the above requirements are in place and will be followed. Such certification should be included with the form filing and submitted via SERFF. Approval will be conditioned on such procedures being followed.

Consistent with the requirement that the completed application must be delivered for review and signature prior to the delivery of the contract, the Insurance Department will deem that the notice requirement in Public Act 14-108 has been met if such written notice is provided with the delivery of the application.

Questions

Please contact the Insurance Department Life and Health Division at cid.lh@ct.gov with any questions.



Anne Melissa Dowling
Deputy Insurance Commissioner