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New York Insurance Department Life Bureau

Maturity Date of Whole Life Insurance Policies

We have seen a number of submissions of Whole Life Policies where there is no maturity and/or expiry age. The Department has already set forth its thoughts on this issue for policies that credit additional amounts (Section 4232 of the New York Insurance Law) in the Individual Universal Life product outline.

In order to assist companies in making new filings the Department is providing this guidance. While this guidance is directed at new submissions, it is expected that all policies, regardless of when the policy form was approved, be administered in a manner consistent with the principals set forth below.

In the case of traditional whole life insurance policies the Department expects the following:

1. The policy becomes paid-up at some age not later than the last age in the mortality table that underlies the nonforfeiture values;
2. The cash values after the last age in the mortality table underlying the nonforfeiture values increase annually at an interest rate not less than a reasonable current interest rate (e.g., the settlement option interest rate, the interest rate paid on death claim);
3. The policy provides that the death benefit is always at least equal to the cash value; and
4. The policy places no restrictions on any rights or benefits required by statute (e.g., making and/or repaying loans) once paid-up status is reached.
5. It is permitted for the policy form to include a statement to the effect:

'There may be tax consequences to either surrendering the policy at [Fill in appropriate age] or continuing the policy past [Fill in appropriate age]. A tax advisor should be consulted to determine which choice best meets your needs'