



Gobierno de Puerto Rico
OFICINA DEL COMISIONADO DE SEGUROS

Ruling No.: N-CA-1-3-2001
February 1, 2001

TO ALL LIFE INSURANCE COMPANIES AUTHORIZED
TO TRANSACT LIFE INSURANCE BUSINESS IN PUERTO RICO

Re: Clarification of our Circular Letter No. AV-III-8-886-82 of September 8, 1982

Dear Ladies and Gentlemen:

The above referenced Circular Letter ("the Letter") established guidelines for the submission and approval of Universal Life or Flexible Premium Adjustable Life Insurance contracts.

Section I (7) of the Letter establishes the following:

"7. A projection must be made part of the Policy Specifications showing the following minimal information:

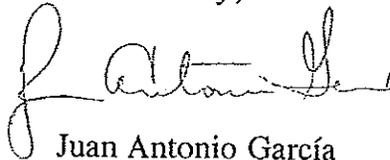
*Death Benefit
Cash Value
Paid up Term Period or Extended Term insurance,
Paid Up Insurance Amount (if applicable)*

This projection must be shown for at least twenty (20) years. It must be based on the assumption that a planned premium amount is payable for a fixed period of time, that the interest assumptions are based on guaranteed interest rates, and that the cost of insurance is based on the maximum charges. If applicable, the policy year when the cash valued and paid up term period will be equal to zero must be stated. This table does not need to be captioned as 'extended term insurance' or 'paid up insurance,' but must have understandable captions such as 'Minimum Guaranteed Benefits and Values'."

It is hereby clarified that the above quoted requirement will not apply to flexible premium variable life insurance contracts. Except for this clarification, all terms of the Letter remain in full force and effect.

Strict adherence to the provisions of this ruling is hereby required.

Sincerely,

A handwritten signature in cursive script, appearing to read "Juan Antonio García". The signature is written in black ink and is positioned above the printed name.

Juan Antonio García
Commissioner of Insurance