

**OHIO DEPARTMENT OF INSURANCE
STATE OF OHIO**

BULLETIN 2011-02

**GUIDANCE FOR LIFE INSURANCE COMPANIES REGARDING COMPLIANCE WITH ORC SECTION
3916.05(B) AND OAC RULE 3901-9-04: LIFE INSURANCE APPLICATIONS TO INCLUDE
QUESTIONS DESIGNED TO REASONABLY DETECT AND PREVENT STRANGER ORIGINATED LIFE
INSURANCE ("STOLI")**

Effective January 5, 2011

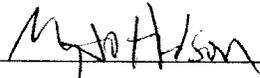
Section 3916.05(B) of the Revised Code requires insurance companies that issue life insurance policies in this state to include questions in their life insurance applications that are reasonably structured to identify and prevent stranger originated life insurance ("STOLI"). The Superintendent has promulgated a rule that sets forth requirements for life insurers to comply with the provisions of section 3916.05(B) of the Revised Code.

Rule 3901-9-04 of the Ohio Administrative Code requires that by November 5, 2011, life insurers must file with the Superintendent amended application forms for life insurance products currently in use in this state. This may be accomplished by submitting an amended filing or by submitting an addendum to a previously filed application form. All form filings must be submitted electronically through SERFF and must be accompanied by the form filing fee of \$50.00 per filing.

Life insurers using application forms subject to Rule 3901-9-04 must file a completed Certification of Filing Compliance form. The Certification must be on a form provided by the Superintendent and must be signed by a duly authorized officer of the company. The form must confirm compliance with the filing requirement. The Certification form must be submitted electronically through SERFF and must be accompanied by the form filing fee of \$50.00. The completed Certification form must be received by the Superintendent on or before November 5, 2011.

Insurance companies' application forms filed with the Interstate Insurance Product Regulation Commission ("IIPRC") are not subject to Rule 3901-9-04, and are not subject to this certification process.

A copy of the Superintendent's Certification of Filing Compliance form is attached to this Bulletin. A copy of the Superintendent's Life Insurer Application Form STOLI Question Review Guidelines is also attached to this Bulletin. These forms are also available on the Department's website: www.insurance.ohio.gov.



Mary Jo Hudson
Superintendent of Insurance

OHIO DEPARTMENT OF INSURANCE

**LIFE INSURANCE COMPANY CERTIFICATION OF FILING COMPLIANCE
WITH ORC §3916.05(B) AND OAC RULE 3901-9-04**

Date: _____

Company Name: _____

NAIC NO. _____

To the Superintendent of Insurance:

The undersigned, being duly authorized by _____ (company name) _____ hereby certifies that the applications filed with the Ohio Department of Insurance for all life policies currently used in Ohio and not exempted by OAC Rule 3901-9-04(D), fully comply with the regulatory requirements relating to detection and prevention of stranger-originated life insurance.

Signature: _____

Name (printed): _____

Title: _____

Telephone: _____

E-mail: _____

**OHIO DEPARTMENT OF INSURANCE
2010**

LIFE INSURER APPLICATION FORM STOLI QUESTION REVIEW GUIDELINES

ORC § 3916.05 (eff. 9/11/2008) and OAC Rule 3901-9-04(Eff. 11/5/2010)

Requirement:

- ORC § 3916.05(B): Life insurance policy applications shall include questions that are reasonably structured to identify and prevent stranger-originated life insurance (“STOLI”).

Review standard:

_____ Application should contain a minimum of 2 such questions.

Statutory definition of “STOLI”:

- ORC § 3916.01(W) defines stranger-originated life insurance (“STOLI”) as:
 - (1) A practice, arrangement, or agreement initiated at or prior to the issuance of a policy that includes BOTH of the following:
 - (a) The purchase or acquisition of a policy primarily benefiting one or more persons who, at the time of issuance of the policy, lack an insurable interest in the person insured under the policy; and,
 - (b) The transfer at any time of the legal or beneficial ownership of the policy or benefits of the policy or both, in whole or in part, including through an assumption or forgiveness of a loan to fund premiums.
 - (2) “STOLI” also includes TRUSTS or OTHER PERSONS that are created to give the appearance of insurable interest and are used to initiate one or more policies for investors but violate insurable interest laws and the prohibition against wagering on life.
 - (3) “STOLI” does NOT include viatical settlement transactions defined in ORC § 3916.01(O)(3).

Review standard:

- _____ At least two application questions that are reasonably structured to identify and prevent stranger-originated life insurance (“STOLI”) as defined in ORC §3916.01(W).