

April 9, 1999

TO:  
All Life companies Issuing Variable Contracts

FROM:  
William R. McAndrew, Assistant Deputy Director  
(CB #99-3)

RE:  
Prospectus Accompanying Variable Life or Annuity Filing, 50 Illinois Administrative Code  
1451: Variable Contract Rule (CB #99-3)

CONTACT:  
L/A & H Compliance Unit  
Charles J. Budinger  
(217)782-4572

50 Illinois Administrative Code 1451.50(b) stipulates that companies selling variable contracts shall file with the Department of Insurance a copy of any sales literature and effective prospectus which is applicable to a variable contract to be issued or delivered in Illinois.

The approval of variable contract filings has been delayed in many instances due to the fact that approval could not be granted until the Securities and Exchange Commission (SEC) has declared that the prospectus is effective. In recent years, the SEC has recognized that many variable products are similar in design and that a good way to expedite the filing process was to adopt a "selective review" process.

The Department will commence on a trial basis, the review of all variable contract form filings even if the prospectus has not been declared effective yet. In order for this review process to take place, the insurer must provide a representation in the filing letter that the corresponding prospectus for the product to be reviewed has been or will be filed with the SEC pursuant to a request for selective review. In addition, the letter of submittal must include a copy of the transmittal letter request to the SEC describing:

- 1) identification by filing number of a similar approved filing;
- 2) identification of how the current filing differs materially from the similar filing;
- 3) a statement that the only variation from the usual provisions of the policy form(s) previously submitted are clearly marked or otherwise indicated on the respective pages of the attached form(s) or in an addendum attached thereto.

Once the SEC declares the prospectus effective, the insurer will need to provide the approved prospectus to the Department so that the approval of the filing under 50 Illinois Administrative Code 916 (file and use) can be finalized.

William R. McAndrew  
Assistant Deputy Director

WRM:CJB:mlf