



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

Bulletin S-11  
January 10, 2008

TO: ALL INSURERS LICENSED TO WRITE LIFE INSURANCE

RE: DEFERRED ANNUITIES WITHOUT DEATH BENEFITS

### Background

The Life and Health Division has received recent filings for annuity products that annuitize at advanced ages such as age 85, but have no death benefit prior to annuitization. This type of annuity has typically been called a "longevity" product. The Department wants to ensure that prospective policyholders fully understand this product before purchase. The purpose of this bulletin is to describe additional insurance carrier and producer responsibilities when offering a deferred annuity contract without a death benefit. The Department will only approve a deferred annuity contract without a death benefit when the carrier meets the requirements described in this bulletin. Any filing that does not meet the prescribed guidelines will be disapproved in accordance with Connecticut General Statute §38a-430 that gives the Department the authority to disapprove an annuity contract form if it contains a provision or provisions which are unfair or deceptive or which encourage misrepresentation of the policy. This bulletin does not apply to group annuities purchased under a retirement plan or plan of deferred compensation established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization.

### Required Sales Practices

At the point of sale, the carrier or producer must provide the following to the applicant:

- An offer of a similar deferred annuity contract with a death benefit as an option to the applicant.
- A series of three illustrations, an immediate annuity, a deferred annuity with a death benefit and a deferred annuity without a death benefit (see attachment for required presentation format), to be reviewed and discussed with the prospective policyholder. These illustrations must be prepared for each individual, on a case by case basis, since issue age, age at annuitization and gender will all impact the results. They should include but not be limited to the following:
  - Current age and gender
  - Age at annuitization
  - For deferred annuities, the probability of surviving to the annuitization age
  - The life expectancy age based upon carrier specific mortality

- Premium – both for single pay and multi-pay the premium should be the same for all three illustrations
- Monthly annuity benefit
- Annual annuity benefit at each attained age
- Cumulative annuity benefit at each attained age
- Available death benefit at each attained age

#### Policy Form

Please note that this bulletin has an impact on annuity contract form filings, as well as sales practices.

The application must have a sign off by both the producer and the applicant, which confirms receipt and review of the illustrations prior to the issuance of the policy. The illustrations are now part of the application.

The face page of the policy should be clearly marked as a deferred annuity with no death benefit.

#### Questions

Questions may be directed to Paul Lombardo, Insurance Actuary, at [paul.lombardo@ct.gov](mailto:paul.lombardo@ct.gov).



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Thomas R. Sullivan  
Insurance Commissioner

## Attachment

### Single Premium Immediate Annuity

65-year old Male

Age at annuitization: 65  
 Probability of surviving to age 85: 35%  
 Life Expectancy: 81  
 Single Premium: **\$100,000**  
 Monthly Benefit: 670

### Single Premium Deferred Annuity w/ Death Benefit

65-year old Male

Age at annuitization: 85  
 Probability of surviving to age 85: 35%  
 Life Expectancy: 81  
 Single Premium: **\$100,000**  
 Monthly Annuity: **\$5,100**

### Single Premium Deferred Annuity w/o Death Benefit

65-year old Male

Age at annuitization: 85  
 Probability of surviving to age 85: 35%  
 Life Expectancy: 81  
 Single Premium: **\$100,000**  
 Monthly Annuity: **\$6,800**

Attained Age	Annual Annuity Benefit	Cumulative Annuity Benefit	Death Benefit
65	8,040	8,040	0
66	8,040	16,080	0
67	8,040	24,120	0
68	8,040	32,160	0
69	8,040	40,200	0
70	8,040	48,240	0
71	8,040	56,280	0
72	8,040	64,320	0
73	8,040	72,360	0
74	8,040	80,400	0
75	8,040	88,440	0
76	8,040	96,480	0
77	8,040	104,520	0
78	8,040	112,560	0
79	8,040	120,600	0
80	8,040	128,640	0
81	8,040	136,680	0
82	8,040	144,720	0
83	8,040	152,760	0
84	8,040	160,800	0
85	8,040	168,840	0
86	8,040	176,880	0
87	8,040	184,920	0
88	8,040	192,960	0

Attained Age	Annual Annuity Benefit	Cumulative Annuity Benefit	Death Benefit
65	0	0	\$100,000
66	0	0	\$100,000
67	0	0	\$100,000
68	0	0	\$100,000
69	0	0	\$100,000
70	0	0	\$100,000
71	0	0	\$100,000
72	0	0	\$100,000
73	0	0	\$100,000
74	0	0	\$100,000
75	0	0	\$100,000
76	0	0	\$100,000
77	0	0	\$100,000
78	0	0	\$100,000
79	0	0	\$100,000
80	0	0	\$100,000
81	0	0	\$100,000
82	0	0	\$100,000
83	0	0	\$100,000
84	0	0	\$100,000
85	61,200	61,200	0
86	61,200	122,400	0
87	61,200	183,600	0
88	61,200	244,800	0

Attained Age	Annual Annuity Benefit	Cumulative Annuity Benefit	Death Benefit
65	0	0	0
66	0	0	0
67	0	0	0
68	0	0	0
69	0	0	0
70	0	0	0
71	0	0	0
72	0	0	0
73	0	0	0
74	0	0	0
75	0	0	0
76	0	0	0
77	0	0	0
78	0	0	0
79	0	0	0
80	0	0	0
81	0	0	0
82	0	0	0
83	0	0	0
84	0	0	0
85	81,600	81,600	0
86	81,600	163,200	0
87	81,600	244,800	0
88	81,600	326,400	0