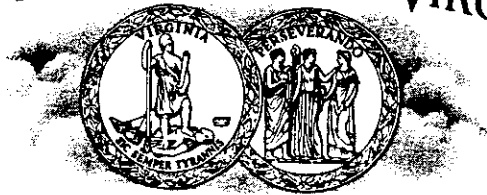


COMMONWEALTH OF VIRGINIA

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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

LETTER

REPLACED

May 9, 1997

By Administrative
Letter 2000-10

ADMINISTRATIVE LETTER 1997 - 4

TO: All Insurers Licensed to Write Life Insurance or Annuities in Virginia

**RE: Equity Indexed Annuities
Equity Indexed Life Insurance Products**

The Bureau of Insurance (the "Bureau"), has received a number of Equity Indexed Annuity and Equity Indexed Life Insurance products, under which policy values are linked to the performance of an investment index, such as the Standard & Poor's 500. While we have a number of concerns with these products, primarily relating to reserving for the indexed portion of the product, we recognize the importance and popularity of the product in the marketplace today. Therefore, the Bureau is taking action to approve pending submissions, and will accept new form filings of these products, subject to the following:

All submissions of equity indexed products, as herein defined, must be accompanied by an affidavit signed by an executive officer of the company. An affidavit form is attached to and made part of this administrative letter. Equity indexed products will be reviewed for compliance with all applicable statutory and regulatory requirements and will be approved accordingly, subject to inclusion of the completed affidavit. The Bureau will consider this approval to be temporary, extending only until the effective date of a regulation addressing equity indexed products. Upon the effective date of such a regulation, companies must comply with the provisions of the regulation.

The Bureau will give prompt reconsideration to pending submissions of equity indexed products upon receipt of the completed affidavit form.

AFFIDAVIT

Company Name: _____ (Insurer)
NAIC Number: _____ State of Domicile: _____

RE: Form Number(s)

In connection with the filing of the captioned forms with the Commonwealth of Virginia State Corporation Commission Bureau of Insurance, I, an officer of the above-named company, the Insurer, represent that each of the captioned forms identifies a product, herein referred to as "equity indexed products," in which all or a portion of the policy value accumulates at a rate which is based on an investment index; and, on behalf of the Insurer, I certify to each of the following:

1. The Insurer is in good standing and holds an active license as a life, or life and health, insurer in its state of domicile and in the Commonwealth of Virginia.

2. The Insurer is authorized and appropriately licensed in its state of domicile to underwrite and offer for sale in its state of domicile the products described in the captioned forms and herein referred to as "equity indexed products"; and as evidence of such authority confirms with a check mark (✓) the applicability of one or more of the following:

- The Insurer is a foreign insurer that has been authorized by its domiciliary regulator specifically for "equity indexed products."
- The Insurer is a foreign insurer and its domiciliary regulator has approved one or more of the captioned forms or a similar form for use in the sale of substantially the same product in its domiciliary state.
- The Insurer is a foreign insurer that is currently marketing equity indexed products in its state of domicile.
- The Insurer is domiciled in Virginia and has been granted licensing authority specifically to sell variable annuities or variable life insurance.
- The Insurer is domiciled in Virginia and attaches and files with this affidavit the following: (i) a plan of operation for the issuance of "equity indexed products" which has been approved by the Board of Directors, (ii) a general description of the products offered and to be offered, (iii) a description of any investment advisory services which may be used to underwrite or market these products; and (iv) a statement of the insurer's actuary describing the mortality, disintermediation, investment and expense risks which the Insurer will bear under these products.

3. The sale of equity indexed products is and will in the future be fully disclosed, in conformity with NAIC annual statement instructions, in the annual statements filed by the Insurer with the Commission, the NAIC, and with the Insurer's state of domicile, and also in quarterly statements filed with the Insurer's state of domicile;

4. The Insurer is required by its state of domicile to file annually a statement of actuarial opinion prepared by a qualified actuary and setting forth his or her opinion relating to policy reserves and other actuarial items in the insurer's general AND separate accounts; a copy of the most recently filed statement of actuarial opinion has been filed also with the Commission; and, further, such statement included an asset adequacy analysis that conforms with the rules set forth in 14 VAC 5-310-80; and memoranda complying with 14 VAC 5-310-90 shall be available to the Commission, upon request, for each of the years in which an equity indexed product is offered for sale or delivery or is in force in the Commonwealth of Virginia; and

5. The Insurer has reviewed the rules and regulations issued by the Commission concerning the reserving, sale and distribution of life insurance and annuity products and represents that its practices with respect to the products identified in the captioned forms do now and will in the future conform to the requirements of such rules and regulations and the underlying statutes, and with respect particularly to each of the captioned forms, believes all terms are properly defined and an understandable description of the basis by which policy values accumulate has been included.

As an officer of the Insurer, I am authorized to agree, and hereby agree on behalf of the Insurer, to the following:

1. I acknowledge and agree that any approval extended by the Bureau of Insurance to the form(s) identified above is temporary, pending the promulgation of regulations specifically governing these products in Virginia, and that it may be necessary to revise and refile the above form(s) for approval in Virginia at that time.

2. Should the promulgation of such regulations in Virginia require the revision and refiling of the above form(s), policy owners of any such forms issued from the date of approval of this submission until the effective date of such regulations shall be offered, in writing and with full written disclosure of the nature and effect thereof upon the policy, such policy amendments or endorsements as may be necessary to conform such previously issued forms with any applicable requirements in such regulations that may be retrospective in application. Such amendments or endorsements shall be offered to the policy owners at no additional cost to such policy owners, and subject to the written consent of such policy owners.

Signature

Date

Print Name

Title

Notarial Acknowledgment

State of _____

County/City of _____

_____, being duly sworn according to law, deposes and says that he/she executed the above instrument and that the statements contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this ____ day of _____, 19____.

Notary Public

(SEAL)

My Commission Expires: _____