



**BOB RILEY  
GOVERNOR**

**STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 MONROE STREET, SUITE 1700  
POST OFFICE BOX 303351  
MONTGOMERY, ALABAMA 36130-3351  
TELEPHONE: (334) 269-3550  
FACSIMILE: (334) 241-4192  
INTERNET: www.aldoi.gov**

**WALTER A. BELL  
COMMISSIONER**  
ASSISTANT COMMISSIONER  
**REN WHEELER**  
DEPUTY COMMISSIONER  
**D. DAVID PARSONS**  
CHIEF EXAMINER  
**RICHARD L. FORD**  
STATE FIRE MARSHAL  
**EDWARD S. PAULK**  
GENERAL COUNSEL  
**REYN NORMAN**  
RECEIVER  
**DENISE B. AZAR**  
LICENSING MANAGER  
**JIMMY W. GUNN**

**BULLETIN**

**TO:** All Life Insurance Companies Authorized in this State

**FROM:** Walter A. Bell, Commissioner of Insurance

**DATE:** June 22, 2007

**RE:** Zero Premium Life Insurance

It has come to the attention of the Department that some life insurance companies may be contemplating developing and/or marketing a product known as Zero Premium Life Insurance (also called stranger owned life insurance, investor owned life insurance and/or investor initiated life insurance).

The Department believes that these arrangements may violate various statutes and regulations of Alabama as specified below, may be subject to misrepresentation, and may be against public policy and the Trade Practices Act.

If your Company is contemplating developing and/or marketing these types of arrangements (regardless of what your Company calls them), the Department requires that your Company immediately file the following materials:

- A sample copy of the life insurance policy and application to be used (including any and all amendments or endorsements to be attached to the policy);
- All company and producer solicitation and advertising materials, which must comply with Chapter 482-1-132;
- All illustration materials, which must comply with Chapter 482-1-113, and the Buyers Guide and Policy Summary required by Chapter 482-1-131, if applicable.
- The methods to be used in the marketing of such arrangements;
- The methods used to recruit or solicit producers to market such arrangements and any materials used to recruit producers;
- All materials to be furnished to the producer and/or general agent;
- The methods used to recruit or solicit investors and who the potential investors will be;
- Any solicitation and/or advertising materials used to recruit investors;
- How the insurable interest law (ALA. CODE § 27-14-3) will be satisfied;
- How the rebate law (ALA. CODE § 27-12-12) will be satisfied; and
- If replacement of another policy is involved, how the Company will comply with Chapter 482-1-133.

WAB/EB/ss