

**WAC 284-97-050 Standards for evaluating reasonability of compensation.** In order to assure that benefits offered to an owner who is terminally or chronically ill are reasonable in relation to the rate, fee, or other compensation that is charged, any payout shall be no less than the greater of the amounts defined in subsections (1) and (2) of this section.

(1) Payouts shall be no less than the following percentage of the expected death benefit under the insurance policy, net of loans. The following are minimum standards and shall not be presumed to be proof of fairness as to any specific transaction.

(a) If the insured's life expectancy is less than six months, then the percentage of the expected death benefit under the insurance policy, net of loans, to be received by the owner shall be no less than eighty percent.

(b) If the insured's life expectancy is at least six months, but less than twelve months, then the percentage of the expected death benefit under the insurance policy, net of loans, to be received by the owner shall be no less than seventy percent.

(c) If the insured's life expectancy is at least twelve months, but less than eighteen months, then the percentage of the expected death benefit under the insurance policy, net of loans, to be received by the owner shall be no less than sixty-five percent.

(d) If the insured's life expectancy is at least eighteen months, but less than twenty-five months, then the percentage of the expected death benefit under the insurance policy, net of loans, to be received by the owner, shall be no less than sixty percent.

(2) Payouts shall be no less than the greater of the cash surrender value or accelerated death benefit under the insurance policy.

[Statutory Authority: RCW 48.02.060, 48.102.011, 48.102.046, 48.102.100, 48.102.170, 48.102.021, 48.102.041, and 48.102.080. WSR 10-04-042 (Matter No. R 2009-14), § 284-97-050, filed 1/27/10, effective 2/27/10. Statutory Authority: RCW 48.02.060, 48.30.010 and 1995 c 161 §§ 2, 4, 5 and 10. WSR 95-22-016 (Order R 95-2), § 284-97-050, filed 10/20/95, effective 11/20/95.]