

BULLETIN

A Communication from
the Life Insurance Division



PACIFIC LIFE

Pacific Life Insurance Company

DATE: July 8, 2021

TO: Life Insurance Producers, Management, Office Administrators, and Technical Staff

SUBJECT: Updated Procedures Related to Washington LTC Products

Category	
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Updated Procedures Related to Washington Long-Term Care (LTC) Products

Due to new long-term care (LTC) legislation in the State of Washington ([See bulletin on Long-Term Care Payroll Tax Law](#)), we are instituting certain parameters for potentially impacted products.

These changes are effective July 8, 2021 and will be applied to all impacted applications / tickets in the State of Washington starting today.

FOR NEW APPLICATIONS OF PACIFIC PREMIERCARE® CHOICE MULTI-PAY MAX¹ IN WASHINGTON (WA)

- Monthly premium payments are no longer accepted, effective July 8, 2021. Only annual premium payments are allowable.
- New Minimum Annual Premium Requirements, effective July 8, 2021:

Premium Payment Option	Minimum <u>Annual</u> Premium
Life-Pay	\$3,500
10-Pay	\$5,000
5-Pay	\$5,000

- **Quote Functionality Paused:** Temporarily, quotes for PremierCare Choice Multi-Pay Max in WA must be requested from the LTC Sales Desk at LTCSalesDesk@PacificLife.com. Quote functionality will return to Navigator on July 29, 2021.
- **Reminder on Commission Chargebacks:** A commission chargeback applies upon lapse or surrender within the policy's early years: 100% in the first year and 50% in the second year.

FOR NEW APPLICATIONS OF A LIFE INSURANCE PRODUCT WITH THE PREMIER LTC RIDER² IN WA

- Minimum \$200,000 life insurance policy face amount for applications that include the Premier LTC Rider. For policies without the Premier LTC Rider, minimum face amounts are unchanged.
- Only illustrations with annual premium payments (annual premium mode) are allowed.
- Applications for products including the Premier LTC Rider must be signed before July 8, 2021 and received by the home office in good order by July 12, 2021 to be issued outside these parameters.
- **Navigator Illustration Functionality Temporarily Paused:** Illustrations for the state of WA electing the Premier LTC Rider are temporarily disabled in Navigator until July 29, 2021. In the interim, contact your Pacific Life representative to request an illustration with the Premier LTC Rider that meets the new criteria above.

FOR NEW APPLICATIONS OF LIFE INSURANCE PRODUCT WITH A CHRONIC ILLNESS RIDER IN WA

Recent additional commentary provided by the WA State Office of the Insurance Commissioner states that eligible products must “satisfy the requirements of sections 7702B(b) and (e) of the Internal Revenue Code of 1986, as amended.” Accordingly, this new guidance suggests that all chronic illness riders³ offered by Pacific Life Insurance Company (including the PL Promise Chronic Illness Care Rider⁴) will NOT qualify a policyowner to be exempt from the LTC Payroll Tax. We are monitoring the situation and will provide additional updates as they become available.

Please keep in mind that Pacific Life cannot provide specific recommendations on legal requirements or exemptions from such legal requirements, however, so each individual must consult with his or her own legal counsel for specific recommendations.

DEADLINE FOR EXEMPTION

Washington residents must have their own LTC coverage by October 31, 2021 if they intend to apply for an exemption from the WA LTC payroll tax law.

Please contact the Advanced Designs Unit at 800-800-7681 x3690 or your Pacific Life field representative with any questions.

1. Pacific Life Insurance Company’s Pacific Premiere Care Choice Multi-Pay Max is whole life insurance with long-term care benefits (Policy Form #P17PCH, S17PCHMAXM or ICC17 P17PCH, ICC17 S17PCHMAXM; based on state of policy issue).
2. Pacific Life Insurance Company’s Premiere LTC Rider (Form #R15LTC, R15LTC SP or ICC15 R15LTC, ICC15 R15LTC SP, based on state of policy issue) and (R16LTC, R16LTCV SP or ICC16 R16LTC, ICC16 R16LTCV SP, based on product and state of policy issue). Riders will likely incur additional charges and are subject to availability, restrictions, and limitations. Clients should be shown policy illustrations with and without riders to help show the rider’s impact on the policy’s values.
3. Refers to Pacific Life Insurance Company’s Premier Living Benefits Rider (Accelerated Death Benefit Rider for Chronic Illness) (Form #R12CIU or ICC12 R12CIU, R12CII or ICC12 R12CII, R12CIC or ICC12 R12CIC, R13CIS or ICC13 R13CIS, or R14CSI or ICC14 R14CSI—form # based on product and state of policy issue) and Premier Living Benefits Rider 2 (Form #R18ADB and S18ADB, or ICC18 R18ADB and ICC18 S18ADB). Riders will likely incur additional charges and are subject to availability, restrictions, and limitations. Clients should be shown policy illustrations with and without riders to help show the rider’s impact on the policy’s values.
4. PL Promise Chronic Illness Care Rider is an accelerated death benefit rider for chronic illness (Policy Form #R18LYCHR or ICC18 R18LYCHR, based on state of policy issue). Rider will incur additional charges and is subject to availability, restrictions, and limitations. Clients should be shown policy quotes with and without riders to help show the rider’s impact on the policy’s value.

Pacific Life, its affiliates, their distributors and respective representatives do not provide tax, accounting or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor or attorney.

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.



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Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product/material availability and features may vary by state. Insurance products and their guarantees, including optional benefits and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company. Look to the strength of the life insurance company with regard to such guarantees as these guarantees are not backed by the broker-dealer, insurance agency, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the life insurance company.

Pacific Life Insurance Company's individual life insurance products are marketed exclusively through independent third-party life insurance producers, which may include bank affiliated entities. Some selling entities may limit availability of some optional riders and investment options based on their client's age and other factors. Your broker-dealer or firm can help you determine which optional riders and investment options are available and appropriate for your clients.

Pacific Life Insurance Company's Home Office is located in Newport Beach, CA.

Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value