1) Overall Scope of the Enhancement (should include the Business Reason for the change):

To accurately support new status type, a “Rescinded” status must be added to the Contract Status code on both the FAR and POV code lists. This will allow for a type of policy cancellation by the carrier during the contestable period. Also a new FAR transaction should be added to account for the return of all premiums due to the rescission.
2) **Recommended Record Layout Changes:**

**FAR**

To include this new status type, RD - “rescinded” should be added to item number 5026 (Contract Status) in the code list.

Add new FAR transactions to item number 5057 – “Return of All Premiums” and “Return of All Premiums – Reversal”

**POV**

To include this new status type, RD - “rescinded” should be added to item number 3022 (Contract Status) in the code list.

Remove reference to annuities on the Contract Status Code List description for PD – Pended. This can pertain to Life products.

3) **Business Scenario – (Used to determine Best Practices)**

A rescinded contract status is a type of policy cancellation by the carrier during the contestable period. The rescission is usually triggered by a death claim where misrepresentation has been discovered in the information provided by the applicant. To accurately capture this status, it must be added to the code list in POV and Far.

Reversal of All Premiums – refund of all premiums paid since issue date.

4) **Standard Usage – (Should include specific field/code usage)**

5) **Status Update:**

Prudential requested a new status type code of “Rescinded” be added to POV and FAR to represent when a carrier cancels a policy due to some kind of misrepresentation by the
applicant. Also they requested a new transaction type be added to capture this new status. The review board approved this request however they wanted a more robust definition of “Rescinded” to avoid confusion with other codes. Also they felt the new transaction type may not be needed since there was one already in place called “Cancellation Premium by Insurance Company”

After the meeting a new definition was drafted.

Rescinded - A policy status indicating that an active policy has been cancelled by the carrier during the contestable period. Insurers have the right to rescind an insurance policy due to concealment or material misrepresentation. Generally, when a policy is rescinded a notice is sent and all premiums paid from date of issue are returned.

Also after the call we determined the current transaction type of “Cancellation Premium by Insurance Company” is sufficient and should be used in conjunction with Rescinded.

We will ensure the majority of the Review Board agrees with this next month.

FAR – New status type of “RD” – Rescinded will be added to the code list for item#5026 Contract Status which is on the 43/01 Contract Record

POV - New status type of “RD” – Rescinded will be added to the code list for item#3022 Contract Status which is on the 13/01 Contract Record

Approved for March 2013

**October meeting:** Definition will be clarified to say “for Life only.” In future if Rescinded can pertain to Annuities the definition will be changed to include Annuities. Also the group concurred that “Cancellation Premium by Insurance Company” is a sufficient transaction type.

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**Revision History**

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<th>By</th>
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<td>08/15/12</td>
<td>Jon Volpe</td>
<td>0.1</td>
<td>Added Req# and review date</td>
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<tr>
<td>09/14/12</td>
<td>Jon Volpe</td>
<td>0.2</td>
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<td>10/12/12</td>
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