Insurance Funds

Actively assisting in responding to the changing investment landscape and its impact on insurance-dedicated fund design and regulation, Stradley Ronon works side by side with insurance fund sponsors, insurance companies and fund boards to address crucial issues as they arise. Throughout each stage of an insurance fund's life cycle, our firm provides full-service coverage regarding securities law and tax regulation, as well as other issues that may impact insurance fund arrangements.

Our Services

Regulation and Compliance

Our team analyzes and counsels on the broad array of federal securities laws regulating financial services firms and their insurance-dedicated funds. These include navigating sweeping U.S. Securities and Exchange Commission (SEC) initiatives to draft, revise, implement and test compliance policies and procedures, including under Rule 38a-1; counseling on routine and novel disclosure issues; and advising on tax-related issues, particularly related to diversification requirements for variable products. We also have broad experience negotiating fund participation agreements and other documents with insurance companies, as well as navigating our clients through the nuances of fund substitutions.

Our lawyers have also been instrumental in identifying and helping our clients attain exclusions from various provisions of the Securities Act of 1933, the Investment Advisers Act of 1940, the Investment Company Act of 1940 and the Commodity Exchange Act. We also assist clients in obtaining novel and routine relief from regulation through the exemptive application or no-action letter process.

Product Design and Strategy

We recommend and advise on product design, marketing, licensing and protection strategies. These include identifying potential issues affecting clients' products or processes, including variable product tax diversification, as well as concerns of the SEC's Division of Investment Management, U.S. Commodity Futures Trading Commission, SEC's Office of Compliance and Inspections, and the Risk and Examinations Office's analytical activities.

We also counsel on and obtaining intellectual property protection for novel processes and features and addressing complex tax issues arising in product design and on the formation and operation of insurance-dedicated funds.

Fund Operation

We advise and prepare documentation for fund adoptions and substitutions; assist with specialized agreements such as participation agreements; offer guidance on distribution channel issues and agreements with insurance companies and their underwriters; and advise on sales practices and other marketing activities regulated by the SEC and the Financial Industry Regulatory Authority (FINRA).

Transactional Support

From evaluating a client's strategies on negotiating the sale of an insurance-dedicated fund to assisting with transactions with insurance companies and their affiliates on fund substitutions, we have a wealth of experience in the insurance fund space and are well-equipped to assist our clients on transactions impacting their insurance-dedicated fund business.

Representative Matters

- Assisted a global leader in the asset management industry with the launch of a suite of approximately 75 novel insurance-dedicated funds over a one-year period.
- Advised clients on the nuances related to fund substitutions, including how to navigate the various methods through which they are achieved, such as the SEC’s statement on substitutions, the exemptive order process or based upon no-action relief.
- Advised clients on recent rule adoptions, including those pertaining to tailored shareholder reports and variable product summary prospectuses, assisting with amendments to their fund participation agreements, and providing advice on the practical considerations necessary for compliance with such rules.