

ARKANSAS REGISTER

Transmittal Sheet

Sharon Priest
Secretary of State
State Capitol Room 01
Little Rock, Arkansas 72201-1094

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For Office
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Effective Date 1/1/99 Code Number 054.00.98--005

Name of Agency Arkansas Insurance Department

Department Legal Division

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Statutory Authority for Promulgating Rules Ark code Ann. §§23-84-101 et. seq., 23-61-108, 25-15-201 et seq.

	Date
Intended Effective Date	Legal Notice Published <u>4/25 - 5/1/1998</u>
<u> </u> Emergency	Final Date for Public comment . . . <u>June 2, 1998</u>
<u> </u> 10 Days After Filing	Filed with Legislative Council . . . <u>April 27, 1998</u>
<u>1/1/99</u> Other	Reviewed by Legislative Council . <u>June 4, 1998</u>
<u> </u>	Adopted by State Agency <u>July 6, 1998</u>

CERTIFICATION OF AUTHORIZED OFFICER
I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended

Roger McNeil
Signature

(501) 371-2820
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Associate Counsel
Title

Date

RULE AND REGULATION 38
AN ANNUITY MORTALITY TABLE
FOR USE IN DETERMINING RESERVE LIABILITIES FOR ANNUITIES

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Section 1. Purpose

The purpose of this rule is to recognize the following mortality tables for use in determining the minimum standard of valuation for annuity and pure endowment contracts: the 1983 Table "a", the 1983 Group Annuity Mortality (1983 GAM) Table, the Annuity 2000 Mortality Table, and the 1994 Group Annuity Reserving (1994 GAR) Table.

Section 2. Authority

This rule is promulgated pursuant to the authority granted to the Arkansas Insurance Commissioner ("Commissioner") by Ark. Code Ann. §§23-84-101 et seq., 23-61-108 and 25-15-201 et seq.

Section 3. Definitions

A. As used in this Rule "1983 Table "a" means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

B. As Used in this Rule "1983 GAM Table" means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

C. As used in this rule "1994 GAR Table" means that mortality table developed by the Society of Actuaries Group Annuity Valuation Task Force and shown on pages 866-867 of Volume XLVII of the *Transactions of the Society of Actuaries* (1995).

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1
2 D. As used in this rule "Annuity 2000 Mortality Table" means that
3 mortality table developed by the Society of Actuaries Committee on Life
4 Insurance Research and shown on page 240 of Volume XLVII of the
5 *Transactions of the Society of Actuaries* (1995).

6
7 Section 4. Individual Annuity or Pure Endowment Contracts

8
9 A. Except as provided in Subsection B and C of this section, the 1983
10 Table "a" is recognized and approved as an individual annuity mortality table for
11 valuation and, at the option of the company, may be used for purposes of
12 determining the minimum standard of valuation for any individual annuity or pure
13 endowment contract issued on or after March 18, 1977.

14
15 B. Except as provided in Subsection C of this section, either the 1983
16 Table "a" or the Annuity 2000 Mortality Table shall be used for determining the
17 minimum standard of valuation for any individual annuity or pure endowment
18 contract issued on or after December 16, 1985.

19
20 C. Except as provided in Subsection D of this section, the Annuity
21 2000 Mortality Table shall be used for determining the minimum standard of
22 valuation for any individual annuity or pure endowment contract issued on or
23 after January 1, 1999.

24
25 D. The 1983 Table "a" without projection is to be used for determining
26 the minimum standards of valuation for an individual annuity or pure endowment
27 contract issued on or after January 1, 1999, solely when the contract is based on
28 life contingencies and is issued to fund periodic benefits arising from:

- 29
30 (1) Settlements of various forms of claims pertaining to court
31 settlements from tort actions;
32
33 (2) Settlements involving similar actions such as workers'
34 compensation claims; or
35
36 (3) Settlements for long term disability claims where a temporary
37 or life annuity has been used in lieu of continuing disability
38 payments.
39

40 Section 5. Group Annuity or Pure Endowment Contracts

41
42 A. Except as provided in Subsections B and C of this section, the
43 1983 GAM Table, the 1983 Table "a", and the 1994 GAR Table are recognized
44 and approved as group annuity mortality tables for valuation and, at the option of
45 the company, any one of these tables may be used for purposes of valuation for

any annuity or pure endowment purchased on or after March 18, 1977 under a group annuity or pure endowment contract.

B. Except as provided in Subsection C of this section, either the 1983 GAM Table or the 1994 GAR Table shall be used for determining the minimum standards of valuation for any annuity or pure endowment purchased on or after October 1, 1985 under a group annuity or pure endowment contract.

C. The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 1999, under a group annuity or pure endowment contract.

Section 6. Application of the 1994 GAR Table

In using the 1994 GAR Table, the mortality rate for a person age x in year $(1994 + n)$ is calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n$$

where the q_x^{1994} and $-AA_x$ s are as specified in the 1994 GAR Table.

Section 7. Separability

Any section or provision of this regulation held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this rule.

Section 8. Effective Date

The provisions of this rule shall be effective January 1, 1999, upon statutory filing per Arkansas law.



MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

7/6/98

DATE