

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.835 Valuation of individual annuity and pure endowment contracts; minimum standard; notice of election to invoke section; failure to make election; definitions.

Sec. 835.

(1) Except as provided in sections 835a and 836, the minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after the operative date of this section, as described in subsection (2), and for all annuities and pure endowments purchased on or after that operative date under group annuity and pure endowment contracts, must be the Commissioners Reserve Valuation Method described in section 834(2) and (3), and the following tables and interest rates:

(a) For individual annuity and pure endowment contracts issued before October 1, 1980, excluding any disability and accidental death benefits in these contracts, the standard must be the 1971 Individual Annuity Mortality Table, or a modification of this table approved by the director, and 6% interest for single premium immediate annuity contracts, and 4% interest for all other individual annuity and pure endowment contracts.

(b) Except as otherwise provided in this subdivision, for individual single premium immediate annuity contracts issued after September 30, 1980, excluding any disability and accidental death benefits in these contracts, the standard must be the 1971 Individual Annuity Mortality Table or any individual annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners that is approved by a rule promulgated by the director for use in determining the minimum standard of valuation for the contracts, or a modification of these tables approved by the director, and 7-1/2% interest. At the election of the insurer, the following tables may be used as the standard for individual single premium immediate annuity contracts, as applicable:

- (i) For contracts issued after December 31, 1985, the 1983 Table a.
- (ii) For contracts issued after December 31, 1998, the Annuity 2000 Table.
- (iii) For contracts issued after December 31, 2014, the 2012 IAR Table.

(c) Except as otherwise provided in this subdivision, for individual annuity and pure endowment contracts issued after September 30, 1980 and before January 1, 2015, other than single premium immediate annuity contracts, excluding any disability and accidental death benefits in the contracts, the standard must be the 1971 Individual Annuity Mortality Table or any individual annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners that is approved by a rule promulgated by the director for use in determining the minimum standard of valuation for such contracts, or a modification of these tables approved by the director, and 5-1/2% interest for single premium deferred annuity and pure endowment contracts, and 4-1/2% interest for all other such individual annuity and pure endowment contracts. At the election of the insurer, the following tables may be used as the standard for individual annuity and pure endowment contracts, other than single premium immediate annuities, as applicable:

- (i) For contracts issued after December 31, 1985, the 1983 Table a.
- (ii) For contracts issued after December 31, 1998, the Annuity 2000 Table.
- (iii) For contracts issued after December 31, 2014, the 2012 IAR Table.

(d) For all annuities and pure endowments purchased before October 1, 1980, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under these contracts, the standard must be the 1971 Group Annuity Mortality Table, or a modification of these tables approved by the director, and 6% interest.

(e) Except as otherwise provided in this subdivision, For all annuities and pure endowments purchased after September 30, 1980 and before January 1, 2015, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under these contracts, the standard must be the 1971 Group Annuity Mortality Table or any group annuity mortality table adopted after 1980 by the National Association of Insurance Commissioners that is approved by a rule promulgated by the director for use in determining the minimum standard of valuation for such annuities and pure endowments, or a modification of these tables approved by the director, and 7-1/2% interest. At the election of the insurer, the following tables may be used as the standard for all annuities and pure endowments under group annuity and pure endowment contracts, as applicable:

- (i) For annuities and pure endowments purchased after December 31, 1985, the 1983 GAM Table.
- (ii) For annuities and pure endowments purchased after December 31, 1998, the 1994 GAR Table.

(2) After October 21, 1974, a company may file with the director a written notice of its election to invoke this section after a specified date before January 1, 1981, which must be the operative date of this section for the company. A company may elect a different operative date of this section for individual annuity and pure endowment contracts from that elected for group annuity and pure endowment contracts. If a company does not make an election, the operative date of this section for the company must be January 1, 1981.

(3) As used in this section:

- (a) "Annuity 2000 Table" means that term as defined in section 835a.
- (b) "1983 GAM Table" means that term as defined in section 835a.
- (c) "1983 Table a" means that term as defined in section 835a.
- (d) "1994 GAR Table" means that term as defined in section 835a.
- (e) "2012 IAR Table" means that term as defined in section 835a.

History: Add. 1974, Act 302, Imd. Eff. Oct. 21, 1974 ;-- Am. 1980, Act 58, Eff. Oct. 1, 1980 ;-- Am. 1982, Act 221, Imd. Eff. July 10, 1982 ;-- Am. 2016, Act 558, Eff. Apr. 10, 2017

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