

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

500.4119 Reserve liabilities.

Sec. 4119.

Reserve liabilities for a modified guaranteed annuity shall be established in accordance with actuarial procedures that recognize that assets of the separate account are based on market values, the variable nature of benefits provided, and any mortality guarantees. At a minimum, the separate account liability shall equal the surrender value based upon the market-value adjustment formula contained in the contract. If that liability is greater than the asset's market value, a transfer of assets shall be made into the separate account so that the asset's market value at least equals that of the liabilities. Also, any additional reserve that is needed to cover future guaranteed benefits shall also be set up by the valuation actuary. The market-value adjustment formula, the interest guarantees, and the degree to which projected cash flow of assets and liabilities are matched shall also be considered. Each year, the valuation actuary shall provide an opinion on whether the assets in the separate account are adequate to provide all future benefits that are guaranteed.

History: Add. 1991, Act 85, Imd. Eff. July 18, 1991

Popular Name: Act 218