

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

***** 500.835a.added THIS ADDED SECTION IS EFFECTIVE APRIL 10, 2017 *****

500.835a.added Individual annuity and pure endowment contracts purchased after December 31, 2014; annuities and pure endowments purchased after December 31, 2014 under group annuity and pure endowment contracts; valuation; tables and interest rates; definitions.

Sec. 835a. (1) Except as otherwise provided in section 836, the minimum standard for the valuation of all individual annuity and pure endowment contracts issued after December 31, 2014 and for all annuities and pure endowments purchased after December 31, 2014 under group annuity and pure endowment contracts must be the Commissioner's Reserve Valuation Method described in section 834(2) and (3), and the following tables and interest rates:

(a) For individual single premium immediate annuity contracts, excluding any disability and accidental death benefits in these contracts, the standard must be the 2012 IAR Table or any individual annuity mortality table adopted after 2015 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 an interest rate as determined by the methodology described in section 836.

(b) For individual annuity and pure endowment contracts, other than single premium immediate annuity contracts, excluding any disability and accidental death benefits in the contracts, the standard must be the 2012 Individual Annuity Mortality Table or any individual annuity mortality table adopted after 2017 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 an interest rate as determined by the methodology described in section 836 for single premium deferred annuity and pure endowment contracts, and an interest rate as determined by the methodology described in section 836 for all other such individual annuity and pure endowment contracts.

(c) For all annuities and pure endowments purchased under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under these contracts, the standard must be the 1994 GAR Table, or any group annuity mortality table adopted after 2017 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 an interest rate as determined by the methodology described in section 836.

(2) As used in this section:

(a) "Annuity 2000 Table" means the mortality table developed by the Society of Actuaries Committee on Life Insurance Research and shown on page 240 of volume XLVII of the Transactions of the Society of Actuaries.

(b) "Generational Mortality Table" means a mortality table containing a set of mortality rates that decrease for a given age from 1 year to the next based on a combination of a period table and a projection scale containing rates of mortality improvement.

(c) "Period table" means a table of mortality rates applicable to a given calendar year.

(d) "Projection Scale G2" means the table of annual rates, $G2_x$, of mortality improvement by age for projecting future mortality rates beyond calendar year 2012 developed by the Society of Actuaries Committee on Life Insurance Research.

(e) "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.

(f) "1983 Table a" means the 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.

(g) "1994 GAR Table" means the mortality table developed by the Society of Actuaries group annuity valuation table task force and published on pages 866-867 of volume XLVII of the Transactions of the Society of Actuaries, where the mortality rate for an individual of age x in year $1994+n$, Q_x^{1994+n} , is determined as follows:

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

where Q_x^{1994} is as specified in the 1994 GAR Table, n is the number of years that have elapsed since 1994, and AA_x is as specified in the 1994 GAR Table.

(h) "2012 IAM Period Table" means the period table developed by the Society of Actuaries Committee on

Life Insurance Research that contains loaded mortality rates for calendar year 2012.

(i) "2012 IAR Table" means the generational mortality table developed by the Society of Actuaries Committee on Life Insurance Research that contains rates derived from a combination of the 2012 IAM Period Table and Projection Scale G2, where mortality rates for an individual of age x in year $2012+n$, Q_x^{2012+n} , are determined as follows, and the results rounded to the nearest one-thousandth:

$$Q_x^{2012+n} = Q_x^{2012} (1 - G2_x)^n$$

where Q_x^{2012} is as specified in the 2012 IAM Period Table, n is the number of years that have elapsed since 2012, and $G2_x$ is as specified in Projection Scale G2.

History: Add. 2016, Act 558, Eff. Apr. 10, 2017.

Popular name: Act 218