

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #2

Do Not Mark In this Box

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JUN 3 4 03 PM '98

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

AGENCY: Insurance Commission TITLE NUMBER: 114

RULE TYPE: Legislative; CITE AUTHORITY HB 4283 - W. Va. Code § 33-7-9a

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 45-1 et seq.

TITLE OF RULE BEING AMENDED: Recognizing Annuity Mortality Tables For Use In
Determining Reserve Liabilities For Annuities

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON July 6, 1998 AT 4:00 p.m. ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS:

Offices Of The Insurance Commissioner

ATTN: Legal Division

P.O. Box 50540

Charleston, WV 25305-0540

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.

Robin C. Capehart

Robin C. Capehart, Cabinet Secretary

6/3/98
Date

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

PROMULGATION HISTORY

WEST VIRGINIA INSURANCE COMMISSION

**RECOGNIZING ANNUITY MORTALITY TABLES FOR USE IN DETERMINING
RESERVE LIABILITIES FOR ANNUITIES**

TITLE 114, SERIES 45

06/03/98	Notice of Comment Period Filed
07/06/98	End of Comment Period
07/30/98	Agency Approved Legislative Rule Filed
12/13/98	Date Reviewed by Legislative Rule-Making Review Committee
05/07/99	Filing Date
05/07/99	Effective Date

TITLE 114
LEGISLATIVE RULE
INSURANCE COMMISSIONER

FILED

MAY 7 3 37 PM '99

SERIES 45
RECOGNIZING ANNUITY MORTALITY TABLES
FOR USE IN DETERMINING RESERVE LIABILITIES FOR ANNUITIES

OFFICE OF THE CLERK OF THE HOUSE OF DELEGATES
SECRETARY OF STATE

§114-45-1. General.

This Legislative rule applies to all life insurance companies and fraternal benefit societies doing business in this State and to all life insurance companies and fraternal benefit societies which are authorized to reinsure life insurance, annuities or accident and health insurance business in this State.

1.2. Authority. -- W. Va. Code §§33-2-10, 33-7-9a and 33-7-9(e)(2),(3) and (5)

1.3. Filing Date. -- May 7, 1999

1.4. Effective Date. -- May 7, 1999

§114-45-2. 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.

§114-45-3. Definitions.

3.1. 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.

3.2. 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.

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

3.4. As used in this rule "Annuity 2000 Mortality Table" means that mortality table developed by the Society of Actuaries Committee on Life Insurance Research and shown at XLVII Transactions of the Society of Actuaries 240 (1995).

§114-45-4. Individual Annuity or Pure Endowment Contracts.

4.1. Except as provided in subsections 4.2 and 4.3 of this section, the 1983 table "a" is recognized and approved as an individual annuity mortality table for valuation and, at the option of the life insurance company or fraternal benefit society, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after April 6, 1977.

4.2. Except as provided in subsection 4.3 of this section either the 1983 table "a" or the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1997.

4.3. Except as provided in subsection 4.4 of this section, the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after April 1, 1999.

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

- a. Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions;
- b. Settlements involving similar actions such as worker's compensation claims; or
- c. Settlements of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

§114-45-5. Group Annuity or Pure Endowment Contracts.

5.1. Except as provided in subsections 5.2 and 5.3 of this section, the 1983 GAM table, the 1983 table "a", and the 1993 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the life insurance company or fraternal benefit society, any one of these tables may be used for purposes of valuation for any annuity or pure endowment purchased on or after April 6, 1977 under a group annuity or pure endowment contract.

5.2. Except as provided in subsection 5.3 of this section, either the 1983 GAM table or 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, 1997 under a group annuity or pure endowment contract.

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

§114-45-6. 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.



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Legal Division

CECIL H. UNDERWOOD
Governor

May 7, 1999

HANLEY C. CLARK
Insurance Commissioner

HAND DELIVERED

Ms. Judy Cooper, Director
Administrative Law Division
Office of Secretary of State
State Capitol Complex
Charleston, WV

Dear Ms. Cooper:

Attached for filing with your office is the "final filing" form for the rule Series 45 titled "Recognizing Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities." This rule was authorized in House Bill 2570 and passed by the Legislature on March 10, 1999.

We are also providing your office with a computer disk containing the aforementioned rule and a hard copy of the promulgation history of that rule. The filing date and effective date have already been inserted onto the computer disk.

If you have any questions about the enclosed forms or the computer disk, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink that reads "B. Keith Huffman".

B. Keith Huffman
General Counsel

BKH/ksb

Enclosures

114-45

1676
H. B. 2491

1 Bill-Ins

2

(By Delegates Hunt, Linch, Compton, Faircloth,
Jenkins and Riggs)

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[Introduced February 1, 1999; referred to the
Committee on Banking and Insurance then the
Judiciary.]

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10 A BILL to amend and reenact section three, article seven,
11 chapter sixty-four of the code of West Virginia, one
12 thousand nine hundred thirty-one, as amended, relating
13 to authorizing the insurance commissioner to
14 promulgate a legislative rule relating to recognizing
15 annuity mortality tables for use in determining
16 reserve liabilities for annuities.

17 *Be it enacted by the Legislature of West Virginia:*

18 That section three, article seven, chapter sixty-four
19 of the code of West Virginia, one thousand nine hundred
20 thirty-one, as amended, be amended and reenacted, to read
21 as follows:

22 **ARTICLE 7. AUTHORIZATION FOR DEPARTMENT OF TAX AND REVENUE**
23 **TO PROMULGATE LEGISLATIVE RULES.**

1 §64-7-3. Insurance commissioner.

2 (a) The legislative rule filed in the state register
3 on the second day of July, one thousand nine hundred
4 ninety-six, authorized under the authority of section ten,
5 article two, chapter thirty-three of this code, modified by
6 the insurance commissioner to meet the objections of the
7 legislative rule-making review committee and refiled in the
8 state register on the twentieth day of February, one
9 thousand nine hundred ninety-seven, relating to the
10 insurance commissioner (medicare supplement insurance, 114
11 CSR 24), is authorized.

12 (b) The legislative rule filed in the state register
13 on the twentieth day of August, one thousand nine hundred
14 ninety-six, authorized under the authority of section
15 fifteen, article four, chapter thirty-three of this code,
16 modified by the insurance commissioner to meet the
17 objections of the legislative rule-making review committee
18 and refiled in the state register on the thirtieth day of
19 January, one thousand nine hundred ninety-seven, relating
20 to the insurance commissioner (life and health reinsurance
21 agreements, 114 CSR 48), is authorized.

22 (c) The legislative rule filed in the state register
23 on the twenty-ninth day of August, one thousand nine

1 hundred ninety-six, authorized under the authority of
2 section twenty, article fifteen, chapter thirty-three of
3 this code, modified by the insurance commissioner to meet
4 the objections of the legislative rule-making review
5 committee and refiled in the state register on the
6 thirty-first day of January, one thousand nine hundred
7 ninety-seven, relating to the insurance commissioner
8 (individual medical savings accounts, 114 CSR 47), is
9 disapproved and is not authorized for promulgation.

10 (d) The legislative rule filed in the state register
11 on the twentieth day of August, one thousand nine hundred
12 ninety-six, authorized under the authority of section ten,
13 article two, chapter thirty-three of this code, modified by
14 the insurance commissioner to meet the objections of the
15 legislative rule-making review committee and refiled in the
16 state register on the eighteenth day of February, one
17 thousand nine hundred ninety-seven, relating to the
18 insurance commissioner (valuation of life insurance
19 policies, 114 CSR 49), is authorized, with the following
20 amendment:

21 "On page one, section 1.4 of the rule, by following
22 the words 'effective date' inserting the following:

23 'The portions of the rule amended as a result of

1 modifications offered by the Insurance Commissioner and
2 filed with the Secretary of State on August 20, 1996, shall
3 not become effective until January 1, 1998.'"

4 (e) The legislative rule filed in the state register
5 on the twenty-ninth day of August, one thousand nine
6 hundred ninety-six, authorized under the authority of
7 section one, article fifteen-c, chapter thirty-three of
8 this code, modified by the insurance commissioner to meet
9 the objections of the legislative rule-making review
10 committee and refiled in the state register on the
11 twentieth day of February, one thousand nine hundred
12 ninety-seven, relating to the insurance commissioner
13 (diabetes, 114 CSR 52), is authorized.

14 (f) The legislative rule filed in the state register
15 on the twenty-ninth day of August, one thousand nine
16 hundred ninety-six, authorized under the authority of
17 section twenty-three, article four-c, chapter sixteen of
18 this code, modified by the insurance commissioner to meet
19 the objections of the legislative rule-making review
20 committee and refiled in the state register on the
21 eighteenth day of February, one thousand nine hundred
22 ninety-seven, relating to the insurance commissioner
23 (emergency medical services, 114 CSR 50), is authorized.

1 (g) The legislative rule filed in the state register
2 on the twenty-ninth day of August, one thousand nine
3 hundred ninety-six, authorized under the authority of
4 section ten, article two, chapter thirty-three of this
5 code, modified by the insurance commissioner to meet the
6 objections of the legislative rule-making review committee
7 and refiled in the state register on the eighteenth day of
8 February, one thousand nine hundred ninety-seven, relating
9 to the insurance commissioner (utilization management, 114
10 CSR 51), is authorized.

11 (h) The legislative rule filed in the state register
12 on the twenty-ninth day of August, one thousand nine
13 hundred ninety-six, authorized under the authority of
14 section ten, article two, chapter thirty-three of this
15 code, modified by the insurance commissioner to meet the
16 objections of the legislative rule-making review committee
17 and refiled in the state register on the eighteenth day of
18 February, one thousand nine hundred ninety-seven, relating
19 to the insurance commissioner (replacement of life
20 insurance, 114 CSR 8), is authorized.

21 (i) The legislative rule filed in the state register
22 on the thirtieth day of July, one thousand nine hundred
23 ninety-eight, authorized under the authority of section

1 ten, article two, chapter thirty-three, of this code,
2 relating to the insurance commissioner (recognizing annuity
3 mortality tables for use in determining reserve liabilities
4 for annuities, 114 CSR 45), is authorized.

5

6 NOTE: The purpose of this bill is to authorize the
7 Insurance Commissioner to promulgate a legislative rule
8 relating to Recognizing Annuity Mortality Tables for Use in
9 Determining Reserve Liabilities for Annuities.

10

11 Strike-throughs indicate language that would be
12 stricken from the present law, and underscoring indicates
13 new language that would be added.