

**WEST VIRGINIA**  
**SECRETARY OF STATE**  
**KEN HECHLER**  
**ADMINISTRATIVE LAW DIVISION**

Form #3

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SECRETARY OF STATE

**NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE  
AND  
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

AGENCY: Insurance Commissioner TITLE NUMBER: 114

CITE AUTHORITY W. Va. Code §§ 33-2-10 and 33-7-9(e)(2), (3), and (5)

AMENDMENT TO AN EXISTING RULE: YES  NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: \_\_\_\_\_

TITLE OF RULE BEING AMENDED: \_\_\_\_\_

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: Series 45

TITLE OF RULE BEING PROPOSED: Recognizing Mortality Tables  
for use in Determining Reserve Liability for Annuities

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE FOR THEIR REVIEW.

*R. Keith Huffman*  
General Counsel  
Authorized Signature



STATE OF WEST VIRGINIA  
Offices of the Insurance Commissioner

Legal Division

GASTON CAPERTON  
Governor

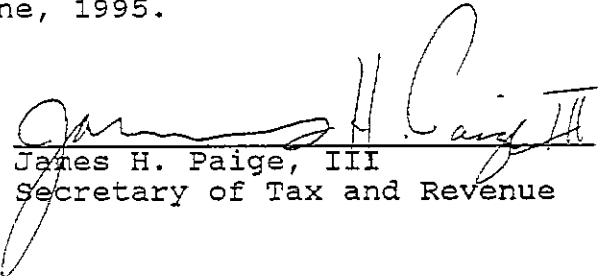
HANLEY C. CLARK  
Insurance Commissioner

CONSENT TO FILING OF RULE

To Whom It May Concern:

Pursuant to West Virginia Code § 5F-2-2(a)(12), the undersigned hereby grants consent to the filing of the following rule proposed by the Insurance Commissioner of the State of West Virginia: Title 114, Series 45, relating to "Recognizing Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities".

Signed this 26<sup>th</sup> day of June, 1995.

  
James H. Paige, III  
Secretary of Tax and Revenue

Insurance Commissioner  
Legislative Rule  
Title 114, Series 45

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

Title 114, Series 45

STATEMENT OF CIRCUMSTANCES

On March 2, 1995, the West Virginia Legislature passed House Bill 2505 amending West Virginia Code § 33-7-9. The purpose of this rule is to recognize mortality tables, 1983 Table "a" and 1983 GAM Table for use in determining the minimum standard valuation of reserves for annuity and pure endowment contracts.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Title 114, Series 45  
 Recognizing Annuity Mortality Tables for Use in  
 Determining Reserve Liabilities for Annuities

Type of Rule:  Legislative  Interpretive  Procedural

Agency: INSURANCE COMMISSIONER

Address: Post Office Box 50540  
 2019 Washington Street, East  
 Charleston, West Virginia 25305-0540

=====

1. Effect of Proposed Rule

	ANNUAL FISCAL YEAR				
	Increase	Decrease	Current	Next	Thereafter
ESTIMATED TOTAL COST	None				
PERSONAL SERVICES	None				
CURRENT EXPENSE					
REPAIRS AND ALTERNATIONS	None				
EQUIPMENT	None				
OTHER	None				

2. Explanation of above estimates:

There will be no additional fiscal impact upon state, local or federal government.

3. Objectives of these rules:

The objective of this rule is to recognize the mortality table 1983 Table "a" and 1983 GAM Table, developed by Society of Actuaries and recognized by the National Association of Insurance Commissioners, for use in determining the minimum standard valuation of reserves for annuity and pure endowment contracts.

Rule Title: Recognizing Annuity Mortality Tables for Use in  
Determining Reserve Liabilities for Annuities

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

None.

B. Economic Impact on Political Subdivisions; Specific  
Industries; Specific groups of Citizens.

None.

C. Economic Impact on Citizens/Public at Large.

None.

Date: 6/30/95

Signature of Agency Head or Authorized Representative

B. Keith Huffman, General Counsel

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: OFFICE OF THE INSURANCE COMMISSIONER

DATE: July 28, 1995

LEGISLATIVE RULE TITLE: Recognizing Mortality Tables for use in  
Determining Reserve Liabilities for Annuities (Series 45)

1. Authorizing statute(s) citation W.Va. Code §§ 33-2-10 and  
33-7-9(e) (2), (3), and (5)
  
2. a. Date filed in State Register with Notice of Hearing:  
June 27, 1995
  
- b. What other notice, including advertising, did you give of  
the hearing?  
None
  
- c. Date of hearing(s): Comment period ended on  
July 27, 1995
  
- d. Attach list of persons who appeared at hearing, comments  
received, amendments, reasons for amendments.  
Attached XX No comments received \_\_\_\_\_
  
- e. Date you filed in State Register the agency approved  
proposed Legislative Rule following public hearing: (be  
exact)  
July 28, 1995
  
- f. Name and phone number of agency person to contact for  
additional information:  
Donna Quesenberry  
Associate Counsel  
(304) 558-0401

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

Not applicable

b. Date of hearing: Not applicable

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

Not applicable

d. Attach findings and determinations and reasons:

Attached Not applicable

Insurance Commissioner  
Legislative Rule  
Title 114, Series 45

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

Title 114, Series 45

BRIEF SUMMARY OF RULE

This proposed rule recognizes the mortality tables 1983 Table "a" and 1983 GAM Table for use in determining the minimum standard valuation of reserves for annuity and pure endowment contracts. These tables were developed by society of Actuaries and are recognized by the National Association of Insurance Commissioners.

114CSR45

TITLE 114  
LEGISLATIVE RULE  
INSURANCE COMMISSIONER

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

Section

- 114-45-1. Authority.
- 114-45-2. Purpose
- 113-45-3. Definitions
- 114-45-4. Individual Annuity or Pure Endowment Contracts
- 114-45-5. Group Annuity or Pure Endowment Contracts

114CSR45

TITLE 114  
LEGISLATIVE RULE  
INSURANCE COMMISSIONER

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

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OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

§ 114-45-1. Authority.

This Legislative rule shall apply 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. -- West Virginia Code §§ 33-2-10 and 33-7-9(e) (2), (3) and (5).

1.3. Filing Date. --

1.4. Effective Date. --

§ 114-45-2. Purpose.

The purpose of this rule is to recognize mortality tables, 1983 table "a" and 1983 GAM table, for use in determining the minimum standard of valuation for annuity and pure endowment contracts.

§ 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. [See 1982 NAIC PROCEEDINGS, Vol. II, page 454.]

3.2. As used in this rule "1983 GAM Table" means that mortality 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. [See 1984 NAIC PROCEEDINGS, Vol. I, pages 414 to 415.]

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

4.1. The 1983 table "a" is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, 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. The 1983 table "a" is to be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1997.

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

5.1. The 1983 GAM table and the 1983 table "a" are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, either table 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. The 1983 GAM table is to 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.

Attachment to Question 2(d)

One comment to the proposed rule was received during the comment period, a copy of which is attached hereto.

Section 5 of the Proposed Rule

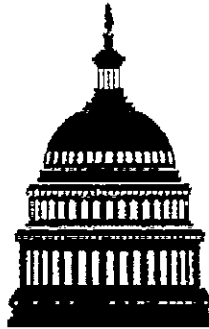
J. Bruce Ferguson of the American Council of Life Insurance ("ACLI") has requested that a typographical error in section 5.1 of the proposed rule be corrected. Mr. Ferguson pointed out that the trigger date in section 5.1 for optional valuation of group annuities should be changed from "April 1, 1977" to "April 6, 1977." This change would make the trigger date in section 5.1 consistent with the trigger date prescribed in section 4.1 for individual annuities, and is in accord with the authorizing statute (W. Va. Code § 33-7-9 (3)(B)(iii) and (v)). We are in agreement with this recommendation and have changed the trigger date under section 5.1 of the proposed rule to read as follows:

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

5.1. The 1983 GAM table and the 1983 table "a" are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, either table 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.



1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004-2599  
(202) 624-2000



# FACSIMILE COVER SHEET

To: Keith Huffman, Esq.

Company: West Virginia Ins. Dep't

Telephone: \_\_\_\_\_ Facsimile Number: 304 558 0412

From: Bruce Ferguson Telephone: 202 624 2391

Date: 7.24.95

Number of pages including this cover sheet: 3

The Council transmits on a PANAFAX UF-250.  
If you have trouble receiving this message, please call (202) 624-2347.  
The Direct Dial number for the Facsimile is (202) 624-2319.

Date and time message was sent: \_\_\_\_\_

Comments: \_\_\_\_\_

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**American Council of Life Insurance**

J. Bruce Ferguson  
Legislative Director

July 24, 1995

**VIA FACSIMILE**

B. Keith Huffman, Esq.  
General Counsel  
State of West Virginia  
Department of Insurance  
2019 Washington Street East  
Charleston, WV 25305

Re: **Proposed Rule 114-45, Recognized Mortality Tables For Use  
In Determining Reserve Liabilities for Annuities**

Dear Mr. Huffman:

This statement is submitted on behalf of the American Council of Life Insurance ("ACLI"), a trade association whose 610 member companies account for approximately 91 percent of the life insurance in force in the United States. Four hundred and seven of the ACLI's member companies are licensed to do business in West Virginia, and account for approximately 94 percent of the life insurance in force in the state. Since ACLI member companies account for a corresponding percentage of the annuities issued in the state, we appreciate the opportunity to comment on the above-captioned proposed rule.

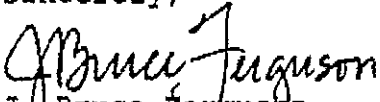
The ACLI supports proposed rule 114-45, consistent with our support of the NAIC Model Rule upon which the Department's proposed rule is based.

To correct what appears to be a typographical error, the trigger date in section 5.1 for optional valuation of group annuities should be changed from "April 1, 1977" to "April 6, 1977". This change would make the trigger date in section 5.1 consistent with trigger date prescribed in section 4.1 for individual annuities, and is in accord with the authorizing statute (W. Va. Code § 33-7-9 (3)(B)(iii) and (v)).

B. Keith Huffman, Esq.  
July 24, 1995  
Page 2

We appreciate the opportunity to comment on this proposed rule. If you have any questions or require additional information, please let me know.

Sincerely,

  
J. Bruce Ferguson

MORE\_TAB.LES/LAWSTATE/WV



STATE OF WEST VIRGINIA  
Offices of the Insurance Commissioner

Legal Division

GASTON CAPERTON  
Governor

HANLEY C. CLARK  
Insurance Commissioner

July 28, 1995

HAND DELIVERED

Ms. Judy Cooper, Director  
Administrative Law Division  
Office of Secretary of State  
State Capitol  
Charleston, West Virginia 25305

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OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

Dear Ms. Cooper:

Enclosed please find for filing one (1) copy of the following:

- (1) Notice of Agency Approval of a Proposed Rule and Filing with the Legislative Rule-Making Review Committee;
- (2) Fiscal Note;
- (3) Consent to Proposed Rule;
- (4) Brief Summary of the Rule;
- (5) Statement of Circumstances;
- (6) Legislative Rule-Making Review Committee Questionnaire; and
- (7) The agency-approved rule entitled "Recognizing Mortality Tables for Use In Determining Reserve Liabilities for Annuities" (Series 45).

Please contact me if further information is required.

Very truly yours,

*Donna S. Quesenberry*  
Donna S. Quesenberry  
Associate Counsel

DSQ/sar  
Enclosures