

DEPARTMENT OF INSURANCE

Statutory Authority: 18 Delaware Code, Sections 314 & 1111 (18 Del.C. §§314, 1111)
18 DE Admin. Code 1208

PROPOSED

PUBLIC NOTICE

1208 New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities

INSURANCE COMMISSIONER KAREN WELDIN STEWART, CIR-ML hereby gives notice of intent to adopt amendments to Department of Insurance Regulation 1208 relating to Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities.

The purpose of the proposed amendment to regulation 1208 is to update the existing regulation to utilize newer mortality tables that have been recognized by the National Association of Insurance Commissioners. The text of the proposed amendment is reproduced in the May 2010 edition of the *Delaware Register of Regulations*. The text can also be viewed at the Delaware Insurance Commissioner's website at: <http://www.delawareinsurance.gov/departments/documents/ProposedRegs/ProposedRegs.shtml>.

The Department of Insurance does not plan to hold a public hearing on the proposed changes. Any person can file written comments, suggestions, briefs, compilations of data or other materials concerning the proposed amendments. Any written submission in response to this notice and relevant to the proposed changes must be received by the Department of Insurance no later than 4:00 p.m., Monday June 7, 2010, and should be addressed to Mitch Crane, Esquire, Delaware Department of Insurance, 841 Silver Lake Boulevard, Dover, DE 19904, or sent by fax to 302.736.7979 or email to mitch.crane@state.de.us.

1208 New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities

1.0 Authority

This rule is promulgated by the Commissioner of Insurance pursuant to 18 Del.C. §1113 and 29 Del.C. Ch. 101 (Administrative Procedures Act).

2.0 Purpose

The purpose of this regulation is to recognize ~~new~~ the following mortality tables, 1983 Table "a" and 1983 GAM Table, the Annuity 2000 Mortality Table, and the Annuity 2000 Mortality Table and the 1994 Group Annuity Reserving (1994 GAR) Table for use in determining the minimum standard of valuation for annuity and pure endowment contracts.

3.0 Definitions

3.1 As used in this regulation:

"1983 GAM Table" means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

"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.

"1994 GAR Table" means that mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force and adopted as a recognized mortality table in December 1996 by the National Association of Insurance Commissioners.

"Annuity 2000 Mortality Table" means that mortality table developed by the Society of Actuaries Committee on Life Insurance Research and adopted as a recognized mortality table for annuities in December 1996 by the National Association of Insurance Commissioners.

4.0 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 for valuation for any individual annuity or pure endowment contract issued on or after July 8, 1980 and prior to January 1, 2001.
- 4.2 The 1983 Table "A" is to be used for determining the minimum standard valuation for any individual annuity or pure endowment contract issued on or after January 1, 1987 and prior to January 1, 2001.
- 4.3 Except as provided in section 4.4, 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, 2001.
- 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 January 1, 2001, solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from:
 - 4.4.1 Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions;
 - 4.4.2 Settlements involving similar actions such as worker's compensation claims; or
 - 4.4.3 Settlements of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

5.0 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 July 8, 1980 and prior to January 1, 2001 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, 1987 and prior to January 1, 2001 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 January 1, 2001 under a group annuity or pure endowment contract.

6.0 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.

67.0 Separability

If any provision of this Regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

78.0 Effective Date

The effective date of this Regulation is ~~December 31, 1985~~ July 11, 2010.