



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE



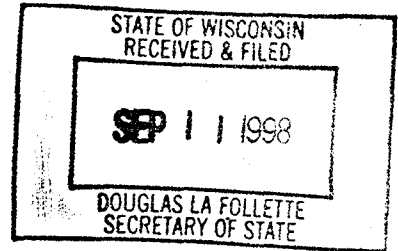
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STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

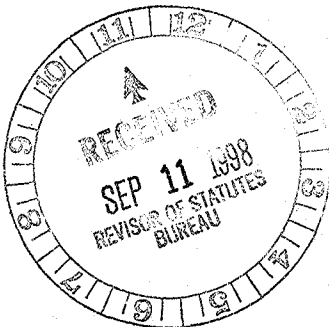
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I, Peter Farrow, Assistant Deputy Commissioner of Insurance and custodian of the official records, certify that the annexed rule affecting Section Ins 2.30, Wis. Adm. Code, relating to adopting additional annuity mortality tables, is duly approved and adopted by this Office on August 26, 1998.

I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the original, and the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 121 East Wilson Street, Madison, Wisconsin, on August 26, 1998.



Peter Farrow, Assistant
Deputy Commissioner of Insurance

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE AMENDING A RULE

To amend Ins 2.30 Wis. Adm. Code, relating to adopting additional annuity mortality tables.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

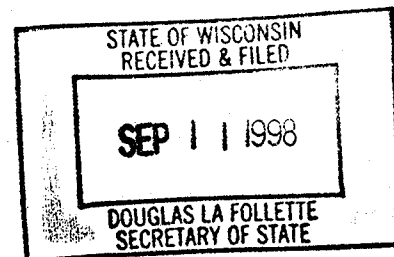
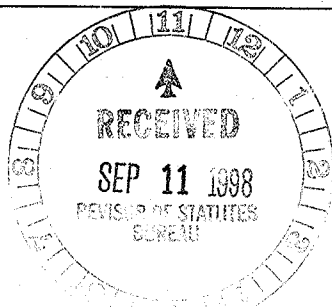
The purpose of this rule is to amend current rule Ins. 2.30, Wis. Adm. Code to add updated mortality tables approved for use by insurers to determine reserve liabilities for annuity contracts. The currently in-force mortality tables are based on a National Association of Insurance Commissioners (NAIC) Model Act adopted by OCI in 1985. The current rule incorporates those tables by reference to the Proceedings of the NAIC where they were published in 1982 and 1984.

This proposed amendment conforms the rule to recent NAIC Model Act changes by adding 2 more tables, the "1994 GAR Table" and the "Annuity 2000 Mortality Table". Although these tables were adopted by the NAIC for this purpose the NAIC has chosen not to publish these new tables in their Proceedings bulletin. Therefore these tables are incorporated by reference to the publication Transactions, Society of Actuaries where these tables were first published after adoption by the Society of Actuaries.

The attorney general and revisor have approved incorporating these additional tables by reference to the Transactions, Society of Actuaries volume XLVII.

Statutory authority: ss. 601.41, 623.02 & 623.06, Stats.

Statutes interpreted: ss. 623.02 & 623.06, Stats.



SECTION 1. s. Ins 2.30 is amended to read:

INS 2.30 Annuity mortality tables.

(1) PURPOSE. The purpose of this section is to adopt, pursuant to s. 623.06 (2a) (b) and (d), Stats., ~~new mortality tables designated as "1983 Table A" and "1983 GAM Table"~~ for use in determining the minimum standard of valuation for annuity and pure endowment contracts.

(2) DEFINITIONS. (a) "NAIC" means the national association of insurance commissioners.

~~(a) (b)~~ "1983 Table A table 'a' " means that mortality table adopted for the valuation of individual annuity and pure endowment contracts in June of 1982 by the ~~National Association of Insurance Commissioners (NAIC)~~ and published on page 454, ~~NAIC Proceedings proceedings, Vol. vol. II 1982.~~

~~(b) (c)~~ "1983 GAM Table table " means that those male and female group annuity mortality tables adopted for the valuation of group annuity and pure endowment contracts in December of 1983 by the ~~National Association of Insurance Commissioners (NAIC)~~ and published on pages 414-415, ~~NAIC Proceedings proceedings, Vol. vol. I, 1984.~~

(d) "Annuity 2000 mortality table" means those male and female mortality tables adopted for the valuation of individual annuity and pure endowment contracts in December of 1996 by the NAIC as published on page 240, vol. XLVII, transactions, society of actuaries, 1995.

(e) "1994 GAR table" means the group annuity reserving table adopted for the valuation of group annuity and pure endowment contracts in December of 1996 by the NAIC as published on pages 866 & 867, vol. XLVII, transactions, society of actuaries, 1995.

(3) INDIVIDUAL ANNUITY OR PURE ENDOWMENT CONTRACTS. (a) The 1983 Table A table 'a' may, ~~at the option of the insurer,~~ be used to determine the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after November 8, 1977 but before January 1, 1986.

(b) Either The the 1983 Table A table 'a' or the annuity 2000 mortality table shall be used to determine the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1986 but before January 1, 1999.

(c) Except as provided in par (d) the annuity 2000 mortality table shall be used to determine the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1999.

(d) The 1983 table a without projection shall be used for determining the minimum standards of valuation for an individual annuity or pure endowment contract issued on or after January 1, 1999 when the contract is based on life contingencies and is issued to fund periodic benefits arising from any of one of the following:

1. Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions.
2. Settlements involving similar actions such as worker's compensation claims.

3. Settlements of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

(4) GROUP ANNUITY OR PURE ENDOWMENT CONTRACTS. (a) Either The the 1983 GAM Table table , and the 1983 Table-A table 'a', or the 1994 GAR table may, at the option of the insurer, be used to value any annuity or pure endowment purchased on or after November 8, 1977 but before January 1, 1986 under a group annuity or pure endowment contract.

(b) Either The the 1983 GAM Table table or the 1994 GAR table shall be used to determine the minimum standard of valuation for any annuity or pure endowment contract purchased on or after January 1, 1986 but before January 1, 1999 under a group annuity or pure endowment contract.

(c) The 1994 GAR table shall be used for determining the minimum standard of valuation for any annuity or pure endowment contract purchased on or after January 1, 1999 under a group annuity or pure endowment contract.

(5) APPLICATION OF 1994 GAR TABLE

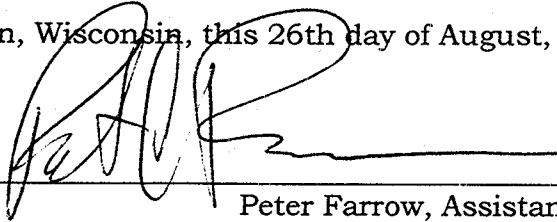
(a) In using the 1994 GAR table the mortality rate for a person age x in year (1994 + n) is calculated as follows:

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

where the q_x^{1994} s and AA_x s are as specified in the 1994 GAR Table.

SECTION 2 This rule is effective January 1, 1999.

Dated at Madison, Wisconsin, this 26th day of August, 1998.



Peter Farrow, Assistant Deputy
Commissioner of Insurance

