

December 11, 1981

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 26  
Addendum to Circular Letter No. 17  
December 10, 1980

TO: ALL AUTHORIZED LIFE INSURANCE COMPANIES

RE: RESERVE REQUIREMENTS CONCERNING INTEREST RATE GUARANTEES ON ACTIVE LIFE FUNDS HELD RELATIVE TO GROUP ANNUITY CONTRACTS

The minimum reserve requirements for the December 31, 1981 and later valuation years concerning interest rate guarantees on contributions received in the 1979 calendar year and prior calendar years under deposits and funds received relative to group annuity contracts are those specified in Circular Letter No. 17 (1980) dated December 10, 1980.

For interest rate guarantees on such contributions received in 1980 and 1981, the procedures for contributions received in 1980 will apply, except that the reduction in average gross new money rate prescribed in paragraph ((b)) on page 3 of Appendix 3 of Circular Letter 17 (1980) may be waived, provided that an actuary who meets qualifications determined by the Superintendent certifies that he or she has performed satisfactory tests to demonstrate that there is a reasonable matching of assets and liabilities relative to such group annuity contracts. Such tests should include demonstrations that the expected cash flow, including scheduled investment earnings and maturities of the invested assets, is adequate to provide for the guarantees under the contracts and that there is appropriate protection against loss to the company in case of (1) premature prepayments of loans or investments (in case of falling interest rates) and (2) premature withdrawal by the policyholder (in case of rising interest rates).

The appropriate values of *i* to be used with such procedures are shown in the attached table.

Kindly acknowledge receipt of this letter to:

Mr. Robert J. Callahan, Chief  
Actuarial Valuation Bureau  
New York State Insurance Department  
Empire State Plaza  
Albany, NY 12257

Very truly yours,

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance

## ATTACHMENT

TABLE OF VALUES OF *<i>my*

Effective for the December 31, 1981 Valuation

(Note that contract types (a) and (b) are described in Circular Letter No. 17 (1980))

Calendar Year y in Which Contributions were Received	Value of <i>&lt;i&gt;my</i> for Calendar Years y * 1 Through y * 10	
	Type (a) Contracts	Type (b) Contracts
1976	.089	.084
1977	.087	.082
1978	.081	.076
1979	.084	.079
1980	.095	.090
1980 *	.100	.095
1981	.107	.102
1981 *	.124	.119

\* These values of *<i>my* are applicable only for a company that meets the conditions described in the attached circular letter regarding actuarial certification of a reasonable matching of assets and liabilities relative to such contracts.