

May 24, 1982

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 16

DATED: May 24, 1982

TO: ALL DOMESTIC INSURERS

SUBJECT: ACTUARIAL INFORMATION ON EMPLOYEE PENSION BENEFITS FOR INSURER'S OWN EMPLOYEES AND AGENTS

This Department is concerned that some insurers could be financially harmed if their pension plan(s) covering their own employees and agents were terminated. This arises from the fact that under the Employee Retirement Income Security Act of 1974 (ERISA) a company that is underfunded with respect to vested benefits, runs the risk, if its pension plan is terminated, of having its surplus depleted by up to 30% to help provide for the ERISA guaranteed benefits (essentially the vested benefits). While the Department does not wish at this time to take the step of requiring insurers to establish a contingent liability in the annual statement if assets are insufficient to support guaranteed benefit liabilities, it does need to ascertain the extent that insufficiencies may or may not exist, in order to monitor the situation as closely as possible.

The purpose of this letter is to obtain on an annual basis certain actuarial information regarding your own pension plan(s) covering your employees and agents. The information requested in the questionnaire, together with a copy of your Schedule B of Form 5500 filing with the Internal Revenue Service/Department of Labor, will enable this Department to assess the funding progress of your pension plan in light of the aforementioned contingent liability concern.

The Pension Benefit Guaranty Corporation rate basis has been prescribed for calculating the present value of accrued benefits because it is a realistic basis and its use promotes uniformity. Approximation may be used, with the approval of the

The attached questionnaire is to be completed and submitted with a copy of your Schedule B of Form 5500 filing to this Department no later than July 31 of the calendar year. The information in the questionnaire is to be as of the beginning of the plan year in the previous calendar year. For example, for those insurers whose pension plans are on a calendar year basis, the information in the initial questionnaire, which is due July 31, 1982, will be as of January 1, 1981. The July 31 reporting date is consistent with the seven month grace period under ERISA.

Kindly acknowledge receipt of this letter to: Thomas J. Kelly, Chief Life Actuary, at the letterhead address.

Very truly yours,

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance

att.

Return to:

Thomas J. Kelly  
Chief Life Actuary  
New York State Insurance Department

Name of Organization \_\_\_\_\_

Questionnaire - To be Completed by All Organizations Having Employee Benefit Plans Providing Pension Benefits for their Employees and Agents

Instructions

Please attach to this questionnaire a copy of Schedule B of Form 5500 as filed with the Internal Revenue Service/Department of Labor for the plan year beginning in the year for which your latest Annual Statement was filed.

The information requested herein should be furnished for the same plan year as used in the Schedule B of Form 5500 filing.

If your organization has more than one employee benefit plan for its employees and agents, the information requested herein should be furnished separately for each plan. If your organization is participating in a plan of a controlled group of corporations or common control employers, the requested information should be furnished for your particular organization, if available, otherwise for the entire plan.

Your organization is required to furnish the information on pages 2 and 3 no later than July 31 (July 31, 1982 for the initial submission).

Name of Organization \_\_\_\_\_

Information on Employee Benefit Plan (Pension Plan)

Date of Valuation: Plan Year Beginning \_\_\_\_\_

1. General

a. Name of Plan \_\_\_\_\_

b. Covers employees of \_\_\_\_\_

If more than one organization is covered, specify names of each organization.

c. Information furnished below covers:

Plan of particular organization

Plan of all organizations specified above combined

Subject to ERISA  Not subject to ERISA.

Subject to Pension Benefit Guaranty Corporation (PBGC)

Not subject to PBGC

2. Tax qualification status

Qualified

Non-qualified

3. Type of plan

a.  Defined benefit

b.  Defined contribution

c.  Other - specify

\_\_\_\_\_

4. Type of funding vehicle

a.  Self insured

b.  Group annuity contract

c.  Individual annuity contracts

d.  Outside trust

e.  Other - specify

\_\_\_\_\_

5. Type of plan entity

a.  Single - employer plan

b.  Plan of a controlled group of corporations or common control employers

Name of Organization \_\_\_\_\_

c.  Other - Specify \_\_\_\_\_

6. a. Current value of the assets accumulated in the plan as of the beginning of the plan year, as reported in item 6(c) of schedule B (Form 5500) \_\_\_\_\_

b. Method of asset valuation, if other than market

\_\_\_\_\_

c. Market value of assets, if different from line 6a. \_\_\_\_\_

7. Amount of accumulated employee contributions as of the beginning of the plan year. \_\_\_\_\_

8. Present value of vested benefits on PBGC annuity rate basis \* as of the beginning of plan year

a. For retired participants and beneficiaries receiving payments \_\_\_\_\_

b. For other participants \_\_\_\_\_

c. Total \_\_\_\_\_

For calculating the present value of vested benefits, use mortality and interest assumptions, prescribed by the PBGC\* for valuing a terminating pension plan, in effect on date of valuation.

9. Present value of non-vested accrued benefits on PBGC annuity rate basis\* as of beginning of plan year

\_\_\_\_\_

For calculation purposes follow same instructions as for line 8 above

10. Ratio of line 6a to line 8c \_\_\_\_\_

\*Approximation may be used, with the approval of the Superintendent

\_\_\_\_\_  
Signature - One Principal Officer

\_\_\_\_\_  
Title - One Principal Officer

\_\_\_\_\_  
Name of Contact Person

\_\_\_\_\_  
Title of Contact Person

\_\_\_\_\_  
Telephone Number of Contact Person