November 18, 1982

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 27 (1982)

November 18, 1982

TO: ALL AUTHORIZED LIFE INSURANCE COMPANIES AND FRATERNAL BENEFIT SOCIETIES

ATTENTION: CHIEF ACTUARY OR CONSULTING ACTUARY AND CHIEF FINANCIAL OFFICER

SUBJECT: MAXIMUM RESERVE VALUATION AND LIFE POLICY NONFORFEITURE INTEREST RATES UNDER THE 1982 AMENDMENTS TO SECTIONS 205, 206 AND 208-a OF THE NEW YORK STATE INSURANCE LAWS

Attached hereto is an outline, providing maximum reserve valuation and life policy nonforfeiture interest rates for new issues, new purchases or changes in fund (as defined) for the year 1982 (and 1983, for life insurance), under the 1982 amendments to Sections 205, 206 and 208-a of the New York State Insurance laws.

Very truly yours,

[SIGNATURE]

Albert B. Lewis

Superintendent of Insurance

Attachment

MAXIMUM VALUATION AND NONFORFEITURE INTEREST RATES UNDER THE 1982 AMENDMENTS TO SECTIONS 205, 206 AND 208-a OF NEW YORK STATE INSURANCE LAWS

The maximum valuation and nonforfeiture interest rates, prescribed by Sections 205 and 208-a of New York Insurance Laws for future years, will vary from year to year depending on Moody's corporate bond yield averages.

The maximum valuation interest rates for 1982 (and 1983 where shown) issues are outlined below. The maximum nonforfeiture interest rates for Ordinary Life insurance are shown in B below.

A. Ordinary Life Insurance (Valuation)

	Maximum** Reserve Valuation Interest Rates		
	1980 CSO***		1958 CSO
	Issues of		Issues After
Guarantee Duration*	1982	1983	1978
10 Years or Less	6.75%	7.25%	4.50%
More than 10 Years, up to 20	6.25	6.75	4.50
More than 20 Years	5.50	6.00	4.50

*The guarantee duration is the maximum number of years the life insurance can remain in force on a basis guaranteed in the policy.

**The maximum reserve valuation interest rate will be the lesser of the rate as determined from the above table and the rate actually used in determining cash values.

***Applicable on or after the operative date elected under Subsection 7-d(k) of Section 208-a. (See the first paragraph on page 4).

B. Ordinary Life Insurance (Nonforfeiture)

	Maximum Nonforfeiture Interest Rates		
	1980 CSO **		1958 CSO
	Issues of		Issues After
Guarantee Duration *	1982	1983	1978
10 Years or Less	8.50%	9.00%	5.50%
More than 10 Years, Up to 20	7.75	8.50	5.50
More than 20 Years	7.00	7.50	5.50

*The guarantee duration is the maximum number of years the life insurance can remain in force on a basis guaranteed in the policy.

**Applicable on or after the operative date elected under Subsection 7-d(k) of Section 208-a. (See the first paragraph on page 4).

C. Single Premium Immediate Annuities.

Maximum Reserve Valuation Interest Rates Issues of 1982

(i) Without actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)

10.50%

(ii) With actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)

13.25%

D. Other Annuities and Guaranteed Interest Contracts, with Cash Settlement Options and with Future Interest Rate Guarantees, valued on the "issue year" basis.

	Maximum Reserve Valuation Interest Rates 1982 Issues *Plan Type		
Guarantee Duration	A	B	C
(i) Without actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	10.50%	8.50%	7.75%
More than 5 years, up to 10	10.00	8.50	7.75
More than 10 years, up to 20	8.50	7.25	6.75
More than 20 years	6.75	6.00	6.00
(ii) With actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	13.25%	10.50%	9.25%
More than 5 years, up to 10	12.50	10.50	9.25
More than 10 years, up to 20	8.50	7.25	6.75
More than 20 years	6.75	6.00	6.00

*See descriptions of plan types at middle of page 4.

E. Other Annuities and Guaranteed Interest Contracts, with Cash Settlement Options but without Future Interest Rate Guarantees, valued on the "Issue year" basis.

	Maximum Reserve Valuation Interest Rates 1982 Issues *Plan Type		
Guarantee Duration	A	B	C
(i) Without actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	11.00%	9.00%	8.25%

Maximum Reserve Valuation
Interest Rates
1982 Issues
*Plan Type

Guarantee Duration	A	B	C
More than 5 years, up to 10	10.50	9.00	8.25
More than 10 years, up to 20	8.75	7.50	7.25
More than 20 years	7.25	6.25	6.25
(ii) With actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	13.75%	11.25%	10.00%
More than 5 years, up to 10	13.25	11.25	10.00
More than 10 years, up to 20	8.75	7.50	7.25
More than 20 years	7.25	6.25	6.25

*See descriptions of plan types at middle of page 4.

F. Other Annuities and Guaranteed Interest Contracts, without Cash Settlement Options, valued on the "issue year" basis.

Maximum Reserve Valuation Interest Rates
1982 Issues
*Plan Type

Guarantee Duration	A
(i) Without actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)	
5 Years or Less	10.50%
More than 5 years, up to 10	10.00
More than 10 years, up to 20	9.00
More than 20 years	7.25
(ii) With actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)	
5 Years or Less	13.25%
More than 5 years, up to 10	12.50
More than 10 years, up to 20	11.25

Maximum Reserve Valuation Interest Rates

1982 Issues

*Plan Type

Guarantee Duration	A
More than 20 years	8.75

*See descriptions of plan types at middle of page 4.

G. Other Annuities and Guaranteed Interest Contracts, with cash settlement options and with Future Interest Rate Guarantees, valued on the "change in fund" basis.

Maximum Reserve Valuation Interest Rates

Change in Fund During 1982

*Plan Type

Guarantee Duration	A	B	C
(i)Without actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	12.00%	11.00%	8.25%
More than 5 years, up to 10	11.50	11.00	8.25
More than 10 years, up to 20	10.50	10.00	7.75
More than 20 years	8.50	8.50	6.75
(ii) With actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	15.00%	13.75%	10.00%
More than 5 years, up to 10	14.50	13.75	10.00
More than 10 years, up to 20	13.25	12.50	9.25
More than 20 years	10.50	10.50	8.00

*See descriptions of plan types at middle of page 4.

H. Other Annuities and Guaranteed Interest Contracts, with cash settlement options but without Future Interest Rate Guarantees, valued on the "change in fund" basis.

Maximum Reserve Valuation Interest Rates

Change in Fund During 1982

*Plan Type

Guarantee Duration	A	B	C
(i) Without actuary's certification, in accordance			

Maximum Reserve Valuation
Interest Rates

Change in Fund During 1982

*Plan Type

Guarantee Duration	A	B	C
with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	12.25%	11.50%	8.50%
More than 5 years, up to 10	12.00	11.50	8.50
More than 10 years, up to 20	11.00	10.50	8.25
More than 20 years	9.00	9.00	7.25
(ii)With actuary's certification, in accordance with Section 205(3)(b-1)(B)(vi)			
5 Years or Less	15.75%	14.50%	10.50%
More than 5 years, up to 10	15.00	14.50	10.50
More than 10 years, up to 20	13.75	13.25	10.00
More than 20 years	11.25	11.25	8.75

*See descriptions of plan types at middle of page 4.

The new provisions of Section 205 become effective concurrent with new Subsection 7-d of Section 208-a. Paragraph (k) of said Subsection 7-d states that any company may elect to comply with such new provisions at a date of its choice prior to January 1, 1989, and that any company making no such election will be subject to such new provisions beginning January 1, 1989.

The maximum valuation interest rates listed under 1980 CSO in A above, for life insurance, can only be used in conjunction with the 1980 CSO Mortality Table. A company must begin using 1980 CSO for new issues of all plans, which carry cash values, simultaneously. The Department will not approve a piecemeal conversion of cash value plans. A company may begin using 1980 CSO, together with the appropriate new interest rates, for the valuation of term plans which do not carry cash values,at an earlier date.

Plan types, as used in the above tables, are defined as follows:

Plan Type A: The policy holder may withdraw funds only (1) with an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company, or (2) without such adjustment but in installments over five years or more, or (3) as an immediate life annuity.

Plan Type B: The policy holder may not withdraw funds before the expiration of the interest rate guarantee or, if withdrawals are permitted before the expiration of such guarantee, may withdraw funds only (1) with an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company, or (2) without such adjustment but in installments over five years or more. At the end of the interest rate guarantee, funds may be withdrawn without such adjustment in a single sum

or installments over less than five years.

Plan Type C: The policy holder may withdraw funds before the expiration of the interest rate guarantee in a single sum or installments over less than five years either (1) without adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company, or (2) subject only to a fixed surrender charge stipulated in the contract as a percentage of the fund.

The most popular plan type, in the group annuity area, is plan type B; while, the most popular plan type, in the individual annuity area, is plan type C.

Other annuities and guaranteed interest contracts, without cash settlement options, may be valued only on an "issue year" basis.

The maximum valuation interest rates, for annuities and guaranteed interest contracts, are based on Moody's Corporate Bond Yield Averages for a one or three year period ending in June of the year of issue, purchase or change in fund. Consequently, we are not able to compute rates applicable to 1983 at this time.

November 10, 1982