

September 7, 1983

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 15 (1983)

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 SECTIONS 205, 206 AND 208-a OF THE NEW YORK STATE INSURANCE LAWS, AS AMENDED IN 1982 AND 1983

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 years 1982 and 1983 (and other years where shown), under Sections 205, 206 and 208-a of the New York State Insurance Laws, as amended in 1982 and 1983.

Very truly yours,

[SIGNATURE]

James P. Corcoran

Superintendent of Insurance

Attachment

MAXIMUM VALUATION AND NONFORFEITURE INTEREST RATES UNDER SECTIONS 205, 206 AND 208-a OF NEW YORK STATE INSURANCE LAWS AS AMENDED IN 1982 AND 1983

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 issues of 1982 and 1983 (and other years where shown) are outlined below. The maximum nonforfeiture interest rates for Ordinary Life Insurance are shown in B below.

A. Ordinary Life Insurance (Valuation)

Guarantee Duration*	Maximum** Reserve Valuation Interest Rates			
	Issues of***			
	1979-81	1982	1983	1984
10 Years or Less	4.50%	6.75%	7.25%	7.25%

Guarantee Duration*	Maximum** Reserve Valuation Interest Rates			
	Issues of***			
	1979-81	1982	1983	1984
More than 10 Years, up to 20	4.50	6.25	6.75	6.75
More than 20 Years	4.50	5.50	6.00	6.00

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

***See the first paragraph under the tables on page 4.

B. Ordinary Life Insurance (Nonforfeiture)

After 1978 Guarantee Duration*	Maximum Nonforfeiture Interest Rates			
	1980 CSO**			
	Issues of			Issues
	1958 CSO	1982	1983	1984
10 Years or Less	8.50%	9.00%	9.00%	5.50%
More than 10 Years, Up to 20	7.75	8.50	8.50	5.50
More than 20 Years	7.00	7.50	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 last paragraph at the bottom of page 4).

C. Single Premium Immediate Annuities, and annuity benefits involving life contingencies arising from other contracts with cash settlement options.

Maximum
Reserve
Valuation
Interest
Rates
Issues of
or Purchases
During
1982 1983

(i) Without
actuary's
opinion and
memo
(Section
205(3)(b-1)
B)(vi))
10.50% 9.50%

(ii) With
actuary's
opinion
and memo
13.25% 11.25%

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

Guarantee Duration	Maximum Reserve Valuation Interest Rates					
	1982 Issues			1983 Issues		
	*Plan Type			*Plan Type		
	A	B	C	A	B	C
(i) Without actuary's opinion and memo						
5 Years or Less	10.50%	8.50%	7.75%	9.50%	8.00%	7.00%
More than 5 yrs.,up to 10	10.00	8.50	7.75	9.25	8.00	7.00
More than 10 yrs.,up to 20	8.50	7.25	6.75	8.25	7.00	6.75
More than 20 years	6.75	6.00	6.00	6.75	5.75	5.75
(ii) With actuary's opinion and memo						
5 Years or Less	13.25%	10.50%	9.25%	11.25%	9.25%	8.25%
More than 5 Yrs.,up to 10	12.50	10.50	9.25	10.75	9.25	8.25
More than 10 yrs,up to 20	8.50	7.25	6.75	8.25	7.00	6.75

Guarantee Duration	Maximum Reserve Valuation Interest Rates					
	1982 Issues			1983 Issues		
	*Plan Type			*Plan Type		
	A	B	C	A	B	C
More than 20 Years	6.75	6.00	6.00	6.75	5.75	5.75

*See description of plan types at top of page 5.

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

Guarantee Duration	Maximum Reserve Valuation Interest Rates					
	1982 Issues			1983 Issues		
	*Plan Type			*Plan Type		
	A	B	C	A	B	C
(i) Without actuary's opinion and memo						
5 Years or Less	11.00%	9.00%	8.25%	10.00%	8.25%	7.50%
More than 5 yrs, up to 10	10.50	9.00	8.25	9.50	8.25	7.50
More than 10 yrs, up to 20	8.75	7.50	7.25	8.75	7.50	7.00
More than 20 Years	7.25	6.25	6.25	7.00	6.25	6.25

(ii) With actuary's opinion and memo

5 Years or Less	13.75%	11.25%	10.00%	11.75%	9.75%	8.75%
More than 5 years, up to 10	13.25	11.25	10.00	11.25	9.75	8.75
More than 10 years, up to 20	8.75	7.50	7.25	8.75	7.50	7.00
More than 20 years	7.25	6.25	6.25	7.00	6.25	6.25

*See description of plan types at top of page 5.

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

Guarantee Duration	Maximum Reserve Valuation Interest Rates	
	1982 Issues	1983 Issues
	*Plan Type	*Plan Type
	A	A
(i) Without actuary's opinion and memo		
5 Years or Less	10.50%	9.50%
More than 5 Years, up to 10	10.00	9.25
More than 10 years, up to 20	9.00	8.25
More than 20 years	7.25	6.75

(ii) With actuary's opinion and memo

Maximum Reserve Valuation Interest Rates

Guarantee Duration	1982 Issues	1983 Issues
	*Plan Type	*Plan Type
	A	A
5 Years or Less	13.25%	11.25%
More than 5 Years, up to 10	12.50	10.75
More than 10 years, up to 20	11.25	9.75
More than 20 years	8.75	7.75

*See description of plan types at top of page 5.

G. Other Annuities and Guaranteed Interest Contracts, with Cash Settlement options and with Future Interest Rate Guarantees, valued on the "Change in Fund" basis.

Guarantee Duration	Maximum Reserve Valuation Interest Rates					
	Change in Fund			Change in Fund		
	During 1982			During 1983		
	*Plan Type			*Plan Type		
	A	B	C	A	B	C
(i) Without actuary's opinion and memo						
5 Years or Less	12.00%	11.00%	8.25%	10.75%	10.00%	7.
More than 5 years, up to 10	11.50	11.00	8.25	10.50	10.00	7
More than 10 years, up to 20	10.50	10.00	7.75	9.50	9.25	7.
More than 20 Years	8.50	8.50	6.75	8.00	8.00	6.25
(ii) With actuary's opinion and memo						
5 Years or Less	15.00	13.75%	10.00%	12.75%	11.75%	8.75%
More than 5 years, up to 10	14.50	13.75	10.00	12.25	11.75	8.75
More than 10 Years, up to 20	13.25	12.50	9.25	11.25	10.75	8.25
More than 20 years	10.50	10.50	8.00	9.25	9.25	7.25

*See description of plan types at top of page 5.

H. Other Annuities and Guaranteed Interest Contracts, with Cash Settlement Options but without Future Interest Rate Guarantees, valued on the "Change in Fund" basis.

Guarantee Duration	Maximum Reserve valuation Interest Rates					
	Change in Fund			Change in Fund		
	During 1982			During 1983		
	*Plan Type			*Plan Type		
	A	B	C	A	B	C
(i) Without actuary's opinion and memo						

Guarantee Duration	Maximum Reserve valuation Interest Rates					
	Change in Fund			Change in Fund		
	During 1982			During 1983		
	*Plan Type			*Plan Type		
	A	B	C	A	B	C
5 Years or Less	12.25%	11.50%	8.50%	11.25%	10.50%	8.00%
More than 5 years, up to 10	12.00	11.50	8.50	10.75	10.50	8.00
More than 10 years, up to 20	11.00	10.50	8.25	10.00	9.50	7.50
More than 20 years	9.00	9.00	7.25	8.25	8.25	6.75
(ii) With actuary's opinion and memo						
5 Years or Less	15.75%	14.50%	10.50%	13.50%	12.25%	9.25%
More than 5 years, up to 10	15.00	14.00	10.50	12.75	12.25	9.25
More than 10 years, up to 20	13.75	13.25	10.00	11.75	11.25	8.75
More than 20 years	11.25	11.25	8.75	9.75	9.75	7.75

*See descriptions of plan types at top of page 5.

Section 205, as amended by Chapter 749 of the Laws of 1983, permits the dynamic interest rates (under the 1982 amendments) to be used for issues of January 1, 1982 and later, irrespective of a company's election or non-election under paragraph (k) of Subsection 7-d of Section 208-a. Thus, the new dynamic interest rates may be used either with 1958 CSO or with 1980 CSO issues of January 1, 1982 and later, for valuation purposes.

Said paragraph (k) was amended by Chapter 81 of the Laws of 1983 to permit a company to elect to comply with the new provisions of Section 208-a on a plan-by-plan basis, with the proviso that the entire portfolio must be converted to the new provisions on or before January 1 of the third calendar year following the calendar year of compliance for the first plan so converted, but not, in any event, later than January 1, 1989.

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

Plan Type A: The policyholder 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 policyholder 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 Policyholder 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 1984 at this time.