

September 7, 1983

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 17 (1983)

TO: ALL AUTHORIZED LIFE INSURANCE COMPANIES AND FRATERNAL BENEFIT SOCIETIES

ATTN: CHIEF ACTUARY OR CONSULTING ACTUARY AND CHIEF FINANCIAL OFFICER

RE: VALUATION RESERVES FOR SINGLE PREMIUM ANNUITIES NOT INVOLVING LIFE CONTINGENCIES

Annuities not involving life contingencies may arise from settlement options under life insurance and deferred annuity contracts, and from issue of funding agreements such as for lottery contracts or for structured settlements not involving life contingencies.

The Insurance Law does not specify the basis of valuation for annuities not involving life contingencies. Pursuant to Sections 73 and 75 of the New York Insurance Law, the following standards are prescribed.

The minimum valuation reserve for an immediate annuity not involving life contingencies and not providing cash surrender values, shall be determined using the maximum valuation interest rates derived in accordance with the procedures set forth in Section 205 of the Insurance Law for single premium immediate annuities and for annuity benefits involving life contingencies arising from other contracts with cash settlement options.

The minimum valuation reserve for a deferred annuity not involving life contingencies or for an immediate annuity not involving life contingencies and providing cash surrender values will be determined using the maximum valuation interest rates derived in accordance with the procedures set forth in Section 205 of the Insurance Law for "other annuities" and for "guaranteed interest contracts".

An actuarial opinion and memo shall be required in accordance with Section 205.3 (b-1)(B)(vi).

Please direct any inquiry to Mr. Robert J. Callahan, Chief, Actuarial Valuation Bureau at the letterhead address.

Very truly yours,

[SIGNATURE]

James P. Corcoran

Superintendent of Insurance