

**NEW YORK STATE
INSURANCE DEPARTMENT**

**FIRST AMENDMENT TO REGULATION NO. 102
(11 NYCRR 127)**

**REINSURANCE TRANSACTIONS BY AUTHORIZED LIFE
INSURERS AND CERTAIN OTHER AUTHORIZED INSURERS**

I, Gregory V. Serio, Superintendent of Insurance of the State of New York, pursuant to the authority granted by Sections 201 and 301 of the Insurance Law, do hereby promulgate the First Amendment to Part 127 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 102), to take effect upon publication in the State Register, to read as follows:

(NEW MATTER UNDERSCORED, DELETED MATTER IN BRACKETS)

Section 127.2(a)(8)(iii) of Part 127 is amended to read as follows:

(iii) when assets are held by the ceding insurer pursuant to subparagraph (ii) of this paragraph, the associated formula for determining the reserve interest rate adjustment must reflect the ceding insurer's investment earnings and incorporate all realized and unrealized gains and losses reflected in its statutory statement. The following is an acceptable formula:

$$\text{Rate} = \frac{2(I + \text{CG})}{X + Y - I - \text{CG}}$$

Where:

I is the net investment income [(exhibit 2, line 16, column 7)] earned, CG is capital gains less capital losses [(exhibit 4, line 10, column 6)]
X is the current year cash and invested assets [(page 2, line 10A, column 1)] plus investment income due and accrued [(page 2, line 16, column 1)] less borrowed money [(page 3, line 22, column 1)]
Y is the same as X but for the prior year

Section 127.5 of Part 127 is repealed.

I, Gregory V. Serio, Superintendent of Insurance of the State of New York, do hereby certify that the foregoing is the First Amendment to Part 127 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 102), promulgated by me on November 24, 2003, pursuant to the authority granted by Sections 201 and 301 of the Insurance Law.

Pursuant to the provisions of the State Administrative Procedure Act, prior notice of the proposed regulation was published in the State Register on October June 4, 2003. No other publication or prior notice is required by statute.

Gregory V. Serio
Superintendent of Insurance

November 24, 2003