

INSURANCE DEPARTMENT OF THE STATE OF NEW YORK  
THIRD AMENDMENT TO 11 NYCRR 98  
REGULATION NO. 147

VALUATION OF LIFE INSURANCE RESERVES

I, James J. Wrynn, Superintendent of Insurance of the State of New York, pursuant to the authority granted by Sections 201, 301, 1304, 1308, 4217, 4218, 4240 and 4517 of the Insurance Law of the State of New York, do hereby promulgate the following Third Amendment to Part 98 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 147), to take effect upon publication in the State Register, to read as follows:

(New Matter is Underscored; Matter in Brackets is Deleted)

Subparagraphs (ii) and (iii) of Section 98.4(b)(5) of this Part are repealed and subparagraphs (iv) through (ix) are renumbered (ii) through (vii).

Section 98.4(b)(5)(v) of this Part, as re-lettered by this amendment above, is amended to read as follows:

(v) The appointed actuary may decrease X at any valuation date as long as X [does not decrease in any successive policy years and as long as it] continues to meet all the requirements of this paragraph;

New subdivisions (c) and (d) are added to section 98.5 to read as follows:

(c) For policies subject to a non-elective change in valuation mortality rates because the requirements for continued use of the prior rates were no longer satisfied, the insurer may, but shall not be required to, recalculate the segments.

(d) For policies subject to an insurer-election to substitute the 2001 Preferred Class Structure Mortality Table for the 2001 CSO Mortality Table:

(1) If the policy was issued on a policy form filed for approval prior to January 1, 2009, the insurer may, but shall not be required to, recalculate the segments; and

(2) If the policy was issued on a policy form filed for approval after January 1, 2009, the insurer shall recalculate the segments using the new valuation mortality rates.

Section 98.9(c)(2)(viii)(b)(2) is amended to read as follows:

For policies issued on or after January 1, 2007 and prior to January 1, [2011]2014, for the purposes of applying section 98.7(b)(1) of this Part, an insurer may use a lapse rate of no more than two percent per year for the first five years, followed by no more than one percent per year to the policy anniversary specified in the following table based on issue age, and zero percent per year thereafter.

Section 98.9(c)(2)(viii)(e) is amended to read as follows:

Compute the net single premium on the valuation date for the coverage provided by the secondary guarantee for the remainder of the secondary guarantee period, using the applicable valuation table and select factors as prescribed in section 98.4(a) of this Part, or Part 100 of this Title (Regulation 179), if applicable. For purposes of calculating the net single premium for policies issued on or after January 1, 2007 and prior to January 1, [2011]2014, a lapse rate subject to the same criteria as the lapse rate used in applying clause (b) of this subparagraph may be used.

Section 98.9(c)(2)(viii)(h)(2) is amended to read as follows:

Calculate both net premiums using the maximum allowable valuation interest rate and the minimum mortality standards allowable for calculating basic reserves. However, except for policies issued on or after January 1, 2007 through January 1, [2011]2014, if no future premiums are required to support the guarantee period being valued, there is no reduction for surrender charges.

Section 98.9(c)(2)(viii)(j) is amended to read as follows:

With respect to any policy issued pursuant to this subparagraph, on or after January 1, 2007 and prior to January 1, [2011]2014, the insurer shall annually submit an actuarial opinion and memorandum on or before March 1, in form and substance satisfactory to the superintendent, which satisfies the requirements of Part 95 of this Title (Regulation 126).

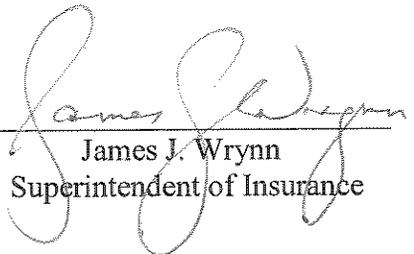


STATE OF NEW YORK  
INSURANCE DEPARTMENT  
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I, James J. Wrynn, Superintendent of Insurance of the State of New York, do hereby certify that the foregoing is Third Amendment to Part 98 of Title 11 the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 147), signed by me on *February 28*, 2011 pursuant to the authority granted by Sections 201, 301, 1304, 1308, 4217, 4218, 4240 and 4517 of the Insurance Law, to take effect publication in the State Register.

Pursuant to the provisions of the State Administrative Procedure Act, prior notice of the proposed regulation was published in the State Register on January 12, 2011. No other publication or prior notice is required by statute.

Date: *February 28*, 2011

  
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James J. Wrynn  
Superintendent of Insurance