NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
FOURTH AMENDMENT TO 11 NYCRR 98
(INSURANCE REGULATION 147)

VALUATION OF LIFE INSURANCE RESERVES

I, Benjamin M. Lawsky, Superintendent of Financial Services, pursuant to the authority granted by Sections 202 and 302 of the Financial Services Law and Sections 301, 1304, 1308, 4217, 4218, 4240 and 4517 of the Insurance Law, do hereby promulgate the Fourth Amendment to Part 98 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Insurance Regulation 147), to take effect January 1, 2014, to read as follows:

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

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

(2) For policies issued on or after January 1, 2007 [and prior to January 1, 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. If the period of time from the date of policy issuance to the date of the applicable policy anniversary age in the table is less than five years, then an insurer may use a lapse rate of no more than two percent per year for that period of time, and zero percent per year thereafter.

Issue Age	Policy Anniversary After Which the Lapse Rate is Zero
0 – 50	30^{th} Policy Anniversary
51 – 60	Policy Anniversary Age 80
61 – 70	20^{th} Policy Anniversary
71 – 89	Policy Anniversary Age 90
90 and Over	No Lapse

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

(*e)* 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 (<u>Insurance</u> 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, 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:

(2) 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, 2014], if no future premiums are required to support the guarantee period being valued, there is no reduction for surrender charges. If the resulting amount is less than the sum of the basic and deficiency reserve from clause *(b)* of this subparagraph, then the basic and deficiency reserve to be used for the purposes of section 98.7(b)(1)(vi)*(a)* of this Part are those calculated in clause *(b)* of this subparagraph, and no further calculation is required.

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

(j) With respect to any policy issued pursuant to this subparagraph, on or after January 1, 2007 [and prior to January 1, 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 (<u>Insurance </u>Regulation 126). Reserves established in accordance with this subparagraph shall be increased by any additional reserves required by the stand-alone asset adequacy analysis.