

Bulletin 338

Deferred, Non-variable Annuities; Implementation of Amended Formula for Calculating Nonforfeiture Values

This bulletin is intended to clarify the requirement for demonstrating compliance with Maine law relating to the calculation of minimum nonforfeiture values for deferred, non-variable annuities sold in Maine on forms previously approved by the Maine Bureau of Insurance.

P.L. 2003 c. 307 amended 24-A M.R.S.A. § 2544 by changing the formula used to calculate minimum required nonforfeiture values for deferred, non-variable annuities sold in Maine after May 27, 2003. As previously noted in Bulletin 318, adoption of the new formula was optional for insurers on a contract form basis until May 27, 2005. Utilization of the new formula is mandatory for new contracts issued on or after May 27, 2005.

Forms that were approved prior to May 27, 2003 and that meet the standards of 24-A M.R.S.A. § 2544 may continue to be utilized by insurers only if they are refiled with the Bureau. The filing must include a statement that the form number and the text of the policy are unchanged and an actuarial memorandum demonstrating that the nonforfeiture values meet the new standard. No filing fee is required in this limited instance.

As noted in Bulletin 318, insurers who wish to revise previously approved fixed rate annuity forms in order to meet the new standards, should submit revised versions as entirely new and complete forms with unique form numbers and with actuarial memoranda and other requisite supporting information. The standard fee structure applies to these filings.

Forms filed and approved for use in Maine prior to May 27, 2005 which do not meet the requirements of 24-A M.R.S.A. § 2544 as amended may not continue to be utilized for new sales.

Insurers who opted to file forms after May 27, 2003 which comply with 24-A M.R.S.A. § 2544 as amended do not need to refile.

If you have any questions, please feel free to contact David Trubee at David.L.Trubee@maine.gov or (207) 624-8435.

September 19, 2005 _____
Alessandro A. Iuppa
Superintendent of Insurance

NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers are encouraged to consult applicable statutes and regulations and to contact the Bureau of Insurance if additional information is needed.