

## Bulletin 318

### Implementation of the Act to reduce the minimum interest rate for nonforfeiture

This bulletin outlines the Bureau's implementation of P.L. 2003, c. 307, which amends Maine Insurance Code 24-A M.R.S.A. § 2544 changing the formula for establishing minimum nonforfeiture values for fixed rate annuities. Please note that the new formula does not affect contracts issued prior to May 27, 2003 (the effective date of Chapter 307), nor does it affect contracts issued before May 27, 2005, on forms for which the insurer has not elected to use the new formula. Adoption of the formula is optional for insurers on a contract form basis until May 27, 2005, at which time it becomes mandatory for new forms issued on or after that date. The Act is similar to NAIC Model 805, Standard Nonforfeiture Law for Individual Deferred Annuities.

- For those hard copy fixed rate annuity forms submitted to the Bureau prior to 5/27/03, and not yet processed.
  1. Form review will be temporarily suspended. Filers will receive a copy of the new legislation and a cover letter explaining that, if requested by the company, the filing will be withdrawn, and returned to the company for revision.
  2. The company may then revise the form(s) to comply with P.L. 2003, c. 307 and submit it as a new filing. There will be no filing fee charged for the revised version. However, the cover letter for the revised filing must note that it is a revised version of a previously withdrawn fixed rate annuity.
  3. If the Bureau does not receive instructions from the company within 14 days from the date of the cover letter enclosing the legislation, the filing will be reviewed applying insurance code provisions in effect when the filing was received.
- For those fixed rate annuity forms filed via SERFF prior to 5/27/03 and not yet processed.
  1. Form review will be temporarily suspended. Filers will receive a copy of the revised law and a cover letter as a Reviewer Note attached to the SERFF filing. The cover letter will make the same offer as #1 above. The filer may request via SERFF that the filing be withdrawn.
  2. The company may then revise the form(s) to comply with PL 2003, c. 307 and submit it via SERFF as a new filing. There will be no filing fee charged for the new filing. However, the cover letter component must note that the filing is a revised version of a previously withdrawn fixed rate annuity.
  3. If we do not receive instructions from the company within 14 days from the date the Reviewer Note is sent to the filer, the filing will be processed applying insurance code provisions in effect on the date the filing was received.

Insurers, who wish to revise fixed rate annuity forms previously approved for use in the State of Maine, should submit revised versions as entirely new and complete forms with unique form numbers and actuarial memoranda, etc. The standard fee structure applies for these filings. All previously filed and approved forms must be amended to comply with the new formula prior to issuance of new contracts on or after May 27, 2005.

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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.