PROPOSED REGULATION OF THE

COMMISSIONER OF INSURANCE

LCB File No. R081-98

June 24, 1998

EXPLANATION – Matter in *italics* is new; matter in brackets **[ ]** is material to be omitted.

AUTHORITY: §§2-3, NRS 679B.130, 681B.110 & 681B.120.

Section 1.   Chapter 681B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2.   *1.   Except as otherwise provided in subsection 2, a life insurer doing business in this state shall use the "Annuity 2000 Mortality Table," which is hereby adopted by reference, to determine the minimum standard of valuation for each individual annuity or pure endowment contract that the insurer issues to a person in this state on or after August 1, 1998. The "Annuity 2000 Mortality Table" is set forth on page 240 of volume XLVII of the* Transactions of the Society of Actuaries *(1995) and a copy of this publication may be obtained from the Society of Actuaries Committee on Life Insurance Research, [address], for the price of $_.*

2.   A life insurer doing business in this state shall use, without projection, the "1983 Table 'a'", which is hereby adopted by reference, to determine the minimum standard of valuation for an individual annuity or pure endowment contract that the insurer issues to a person in this state on or after August 1, 1998, if the individual annuity or pure endowment contract involves life contingencies and is issued to pay periodic benefits arising from the settlement of:

(a) A claim arising out of a tort, including, without limitation, a claim for workers'

compensation, regardless of whether an action relating to the claim was commenced in a court

of competent jurisdiction; or

(b) A claim for long-term disability in which the claimant has elected to receive a temporary

or life annuity in lieu of payments for continuing disability.

The "1983 Table 'a'" is set forth on page 454 of the <u>1982 Proceedings of the NAIC II</u> and a

copy of this publication may be obtained from the National Association of Insurance

Commissioners, [address], for the price of $_.

Sec. 3. *1. A life insurer doing business in this state shall use the "1994 Group Annuity*

Reserving Table," which is hereby adopted by reference, to determine the minimum standard of

valuation for each group annuity or pure endowment contract that the insurer issues to a group

in this state on or after August 1, 1998. The "1994 Group Annuity Reserving Table" is set forth

on pages 866-67 of volume XLVII of the <u>Transactions of the Society of Actuaries</u> (1995) and a

copy of this publication may be obtained from the Society of Actuaries Committee on Life

Insurance Research, [address], for the price of $_.

2. For the purposes of the "1994 Group Annuity Reserving Table," the mortality rate for a

person of age x in the year (1994 + n) must be calculated by using the following formula:

$$q_x^{\,1994+n} = q_x^{\,1994} (1 - AA_x)^n$$

where $q_x^{\,1994}$ and AA_x are as specified in the "1994 Group Annuity Reserving Table."