

**Part 2 Chapter 8:** (84-105) Recognizing Certain 1983 Mortality Tables To Be Used When Determining the Minimum Standard of Valuation for Annuity and Pure Endowment Contracts.

**Rule 8.01:** Preamble and Authority

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Section 83-7-25, Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedure Law, do hereby promulgate the following Rules and Regulation with an effective date as herein set forth in Section 7, upon compliance with the applicable statutes.

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**Rule 8.02:** Purpose

The purpose of this Rule is to recognize new mortality tables, 1983 Table “a” and 1983 GAM Table, for use in determining the minimum standard of valuation for annuity and pure endowment contracts.

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**Rule 8.03:** Definitions

- A. As used in this Rule “1983 Table ‘a’” means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.
- B. As used in this Rule “1983 GAM Table” means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**Rule 8.04:** Individual Annuity or Pure Endowment Contracts

- A. The 1983 Table “a” is recognized and approved as an individual annuity mortality Table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after July 1, 1984.
  
- B. The 1983 Table “a” is to be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after the effective date of this regulation.

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**Rule 8.05: Group Annuity or Pure Endowment Contracts**

The 1983 GAM Table and the 1983 Table “a” are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, either table may be used for purposes of valuation for any annuity or pure endowment purchased on or after July 1, 1984 under a group annuity or pure endowment contract.

The 1983 GAM Table is to be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after the effective date of this regulation under a group annuity or pure endowment contract.

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**Rule 8.06: Separability**

If any provision of this Rule or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

Source: Miss. Code Ann. § 83-5-1 (Rev 2011)

**Rule 8.07: Effective Date**

The effective date of this Regulation shall be thirty (30) days from and after its adoption and filing with the Secretary of State of the State of Mississippi.

PROMULGATED AND ADOPTED this the \_\_\_\_\_ day of \_\_\_\_\_, 1984.

Source: Miss. Code Ann. § 25-43-3.113(Rev 2010)

**Rule 8.08:**For Mississippi Model Regulation for Determining Reserve Liabilities for Group Annuities: Appendix 1:1983 GAM Table-Males

AGE	q	AGE	q	AGE	q
5	.000342	40	.001238	76	.049388
6	.000318	41	.001370	77	.054758
7	.000302	42	.001527	78	.060678
8	.000294	43	.001715	79	.067125
9	.000292	44	.001932	80	.074070
10	.000293	45	.002183	81	.081484
11	.000298	46	.002471	82	.089320
12	.000304	47	.002790	83	.097525
13	.000310	48	.003138	84	.106047
14	.000317	49	.003513	85	.114836
15	.000325	50	.003909	86	.124170
16	.000333	51	.004324	87	.133870
17	.000343	52	.004755	88	.144073
18	.000353	53	.005200	89	.154859
19	.000365	54	.005660	90	.166307

20	.000377	55	.006131	91	.178214
21	.000392	56	.006618	92	.190460
22	.000408	57	.007139	93	.203007
23	.000424	58	.007719	94	.217904
24	.000444	59	.008384	95	.234086
25	.000464	60	.009158	96	.248436
26	.000488	61	.010064	97	.263954
27	.000513	62	.011133	98	.280803
28	.000542	63	.012391	99	.299154
29	.000572	64	.013868	100	.319185
30	.000607	65	.015592	101	.341086
31	.000645	66	.017579	102	.365052
32	.000687	67	.019804	103	.393102
33	.000734	68	.022229	104	.427255
34	.000785	69	.024817	105	.469531
35	.000860	70	.027530	106	.521945
36	.000907	71	.030354	107	.586518
37	.000966	72	.033370	108	.665268
38	.001039	73	.036680	109	.760215
39	.001128	74	.040388	110	1.000000
		75	.044597		

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**Rule 8.09:** For Mississippi Model Regulation for Determining Reserve Liabilities for Group Annuities: Appendix 1: 1983 GAM Table-Females

AGE	q	AGE	q	AGE	q
5	.000171	40	.000665	76	.027184
6	.000140	41	.000716	77	.030672
7	.000118	42	.000775	78	.034459
8	.000104	43	.000841	79	.038549
9	.000097	44	.000919	80	.042945
10	.000096	45	.001010	81	.047655
11	.000104	46	.001117	82	.052691
12	.000113	47	.001237	83	.058071
13	.000121	48	.001366	84	.063807
14	.000131	49	.001505	85	.069918
15	.000140	50	.001647	86	.076570
16	.000149	51	.001793	87	.084459
17	.000159	52	.001948	88	.091935
18	.000168	53	.002119	89	.101354
19	.000179	54	.002315	90	.111750
20	.000189	55	.002541	91	.123076
21	.000201	56	.002803	92	.135630
22	.000212	57	.003103	93	.149577
23	.000225	58	.003442	94	.165103
24	.000238	59	.003821	95	.182419
25	.000252	60	.004241	96	.201757
26	.000268	61	.004702	97	.222043
27	.000282	62	.005210	98	.243899
28	.000301	63	.005769	99	.268185
29	.000320	64	.006385	100	.295187
30	.000342	65	.007064	101	.325225
31	.000364	66	.007817	102	.358897
32	.000388	67	.008681	103	.395842
33	.000414	68	.009702	104	.438360
34	.000443	69	.010921	105	.487816
35	.000476	70	.012385	106	.545886
36	.000502	71	.014128	107	.614309
37	.000535	72	.016159	108	.694884
38	.000573	73	.018481	109	.789474
39	.000617	74	.021091	110	1.000000
		75	.023992		

Source: *Miss. Code Ann. § 83-7-25 (Rev 2011)*

**Rule 8.10** For Mississippi Model Regulation for Determining Reserve Liabilities for Group Annuities: Appendix 1: 1983 Table "A"-Males/Females

Age	Males	Females	Age	Males	Females	Age	Males	Females
5	0.377	0.194	45	2.399	1.122	85	90.987	65.513
6	0.350	0.160	46	2.693	1.231	86	99.122	73.493
7	0.333	0.134	47	3.009	1.356	87	107.577	82.318
8	0.352	0.134	48	3.343	1.499	88	116.316	92.017
9	0.368	0.136	49	3.694	4.657	89	125.394	102.491
10	0.382	0.141	50	4.057	1.830	90	134.887	113.605
11	0.394	0.147	51	4.431	2.016	91	144.873	125.227
12	0.405	0.155	52	4.812	2.215	92	155.429	137.222
13	0.415	0.165	53	5.198	2.426	93	166.629	149.462
14	0.425	0.175	54	5.591	2.650	94	178.537	161.834
15	0.435	0.188	55	5.994	2.891	95	191.214	174.228
16	0.446	0.201	56	6.409	3.151	96	204.721	186.535
17	0.458	0.214	57	6.839	3.432	97	219.120	198.646
18	0.472	0.229	58	7.290	3.739	98	234.735	211.102
19	0.488	0.244	59	7.782	4.081	99	251.889	224.445
20	0.505	0.260	60	8.338	4.467	100	270.906	239.215
21	0.525	0.276	61	8.983	4.908	101	292.111	255.9583
22	0.546	0.293	62	9.740	5.413	102	315.826	275.201
23	0.570	0.311	63	10.630	5.990	103	342.377	297.500
24	0.596	0.330	64	11.664	6.633	104	372.086	323.390
25	0.622	0.349	65	12.851	7.336	105	405.278	353.414
26	0.650	0.368	66	14.199	8.090	106	442.277	388.111
27	0.677	0.387	67	15.717	8.888	107	483.406	428.023
28	0.704	0.405	68	17.414	9.731	108	528.989	473.692
29	0.731	0.423	69	19.296	10.653	109	579.351	525.658
30	0.759	0.441	70	21.371	11.697	110	634.814	584.462
31	0.786	0.460	71	23.647	12.905	111	695.704	650.646
32	0.814	0.479	72	26.131	14.319	112	762.343	724.750
33	0.843	0.499	73	28.835	15.980	113	835.056	807.316
34	0.876	0.521	74	31.794	17.909	114	914.167	898.885
35	0.917	0.545	75	35.046	20.127	115	1000.00	1000.00
36	0.968	0.574	76	38.631	22.654			
37	1.032	0.607	77	42.587	25.509			
38	1.114	0.646	78	46.951	28.717			
39	1.216	0.691	79	51.755	32.328			
40	1.341	0.742	80	57.026	36.395			
41	1.492	0.801	81	62.791	40.975			
42	1.673	0.867	82	69.081	46.121			
43	1.886	0.942	83	75.908	51.889			
44	2.129	1.026	84	83.230	58.336			

Source: Miss. Code Ann. § 83-7-25 (Rev 2011)

**84106reg**

**Part 2 Chapter 9:** (84-106) Universal Life Regulation.

**Rule 9.01:** Preamble and Authority

I, George Dale, duly elected Commissioner of Insurance of the State of Mississippi, pursuant to the authority granted in me in Section 83-7-25, Mississippi Code of 1972, as Amended, and in accordance with Sections 25-43-1 through 25-43-19, Mississippi Code of 1972, known as the Mississippi Administrative Procedure Law, do hereby promulgate the following Rules and Regulation with an effective date as herein set forth in Section 9.12, upon compliance with the applicable statutes.

Source: Miss. Code Ann. §§ 83-5-1; 83-7-23; 83-7-25 (Rev 2011)

**Rule 9.02:** Purpose

The purpose of this regulation is to supplement existing regulations on life insurance policies in order to accommodate the development and issuance of universal life insurance plans.

Source: Miss. Code Ann. §§ 83-5-1; 83-7-23; 83-7-25 (Rev 2011)

**Rule 9.03:** Definitions

As used in this regulation:

A. Universal Life Insurance Policy.

“Universal life insurance policy” means any individual life insurance policy under the provisions of which separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds, or other supplementary accounts) and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by rider.

B. Flexible Premium Universal Life Insurance Policy.

“Flexible premium universal life insurance policy” means a universal life insurance policy which permits the policyowner to vary, independently of each other, the amount or timing of one or more premium payments or the amount of insurance.

C. Fixed Premium Universal Life Insurance Policy.

“Fixed premium universal life insurance policy” means a universal life insurance policy other than a flexible premium universal life insurance policy.

D. Interest-Indexed Universal Life Insurance Policy.

“Interest-indexed universal life insurance policy” means any universal life insurance policy where the interest credits are linked to an external referent.

E. Net Cash Surrender Value.

“Net Cash Surrender Value” means the maximum amount payable to the policyowner upon surrender.

F. Cash Surrender Value.

“Cash Surrender Value” means the Net Cash Surrender Value plus any amounts outstanding as policy loans.

G. Policy Value.

“Policy Value” means the amount of which separately identified interest credits and mortality, expense, or other charges are made under a universal life insurance policy.

H. May.

“May” is permissive.

I. Shall.

“Shall” is mandatory.



J. Commissioner.

“Commissioner” means the Commissioner of Insurance for the State of Mississippi.

Source: Miss. Code Ann. § 83-5-1(Rev. 2011)

**Rule 9.04: Scope**

This regulation encompasses all individual universal life insurance policies except those policies defined under Section 2(s) of the Mississippi Variable Life Insurance Regulation Number 84-101.

Source: Miss. Code Ann. § 83-5-1(Rev. 2011)

**Rule 9.05: Valuation**

A. Requirements.

1. The minimum valuation standard for universal life insurance policies shall be the Commissioners Reserve Valuation Method, as described below for such policies, and the tables and interest rates specified below. The terminal reserve for the basic policy and any benefits and/or riders for which premiums are not paid separately as of any policy anniversary shall be equal to the net level premium reserves less (C) and less (D), where:

Reserves by the net level premium method shall be equal to  $((A)-(B))r$  where (A), (B) and  $r$  are as defined below:

(A) is the present value of all future guaranteed benefits at the date of valuation.

(B) is the quantity  $\frac{PVFB}{a_x} a_x + t$ , where PVBF is the present value of all benefits at issue assuming future Guaranteed Maturity Premiums are paid by the policyowner and taking into account all guarantees contained in the policy or declared by the insurer.

$a_x$  and  $a_{x+t}$  are present values of an annuity of one per year payable on policy anniversaries beginning at ages  $x$  and  $x+t$ , respectively, and continuing until the highest attained age at which a premium may be paid under the policy. ( $x$ ) is defined as the issue age and ( $t$ ) is defined as the duration of the policy.

The Guaranteed Maturity Premium for flexible premium universal life insurance policies shall be that level gross premium, paid at issue and periodically thereafter over the period during which premiums are allowed to be paid, which will mature the policy on the latest maturity date, if any, permitted under the policy (otherwise at the highest age in the valuation mortality table), for an amount which is in accordance with the policy structure. The Guaranteed Maturity Premium is calculated at issue based on all policy guarantees at issue (excluding guarantees linked to an external referent). The Guaranteed Maturity Premium for fixed premium universal life insurance policies shall be the premium defined in the policy which at issue provides the minimum policy guarantees.

$\bar{u}$  is equal to one, unless the policy is a flexible premium policy and the policy value is less than the Guaranteed Maturity Fund, in which case  $\bar{u}$  is the ratio of the policy value to the Guaranteed Maturity Fund.

The Guaranteed Maturity Fund at any duration is that amount which, together with future Guaranteed Maturity Premiums, will mature the policy based on all policy guarantees at issue.

(C) is the quantity  $((a)-(b))\frac{a_{x+t_r}}{a_x}$  where (a)-(b) is as described in (Section Four of the Standard Valuation Law, as amended in 1980) for the plan of insurance defined at issue by the Guaranteed Maturity premiums and all guarantees contained in the policy or declared by the insurer.

$a_{x+t}$  and  $a_x$  are defined in (B) above.

(D) is the sum of any additional quantities analogous to (C) which arise because of structural changes in the policy, with each such quantity being determined on a basis consistent with that of (C) using the maturity date in effect at the time of the change.

The Guaranteed Maturity Premium, the Guaranteed Maturity Fund and (B) above shall be recalculated to reflect any structural changes in the policy. This recalculation shall be done in a manner consistent with the descriptions above.

Future guaranteed benefits are determined by (1) projecting the greater of the Guaranteed Maturity Fund and the policy value, taking into account future guaranteed Maturity Premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer; and (2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value.

All present values shall be determined using (1) and interest rate (or rates) specified by (the Standard Valuation Law, as amended in 1980) for policies issued in the same year; (ii) the mortality rates specified by (the Standard Valuation Law, as amended in 1980) for policies issued in the same year or contained in such other table as may be approved by the Commissioner for this purpose; and (iii) any other tables needed to value supplementary benefits provided by a rider which is being valued together with the policy.

#### B. Alternative Minimum Reserves.

1. If, in any policy year, the Guaranteed Maturity Premium on any universal life insurance policy is less than the valuation net premium for such policy, calculated by the valuation method actually used in calculating the reserve thereon but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for such contract shall be the greater of (a) or (b).

(a) The reserve calculated according to the method, the mortality table, and the rate of interest actually used.

(b) The reserve calculated according to the method actually used but using the minimum valuation standards of mortality and rate of

interest and replacing the valuation net premium by the Guaranteed Maturity Premium in each policy year for which the valuation net premium exceeds the Guaranteed Maturity Premium.

For universal life insurance reserves on a net level premium basis, the valuation net premium  $\frac{PVFB}{a_x}$  and for reserves on a Commissioners Reserve Valuation Method, the valuation net premium is  $\frac{PVFB}{a_x} + \frac{(a)-(b)}{a_x}$ .

Source: Miss. Code Ann. § 83-7-23 (Rev. 2011)

**Rule 9.06: Nonforfeiture**

A. Minimum Cash Surrender Values for Flexible Premium Universal Life Insurance Policies.

1. Minimum cash surrender values for flexible premium life insurance policies shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately.

The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to the accumulation to that date of the premiums paid minus the accumulations to that date of (i) the benefit charges, (ii) the averaged administrative expense charges for the first policy year and any insurance-increase years, (iii) actual administrative expense charges for other years, (iv) initial or additional acquisition expense charges not exceeding the initial or additional expense allowances, respectively, (v) any service charges actually made (excluding charges for cash surrender or election of a paid-up nonforfeiture benefit) and (vi) any deductions made for partial withdrawals; all accumulations being at the actual rate or rates of interest at which interest credits have been made unconditionally to the policy (or have been made conditionally, but for which the conditions have since been met), and minus any unamortized unused initial and additional expense allowances.

Interest on the premiums and on all charges referred to in items (i)-(iv) above shall be accumulated from and to such dates as are consistent with the manner in which interest is credited in determining the policy value.

The benefit charges shall include the charges made for mortality and any charges made for riders or supplementary benefits for which premiums are not paid separately. If benefit charges are substantially level by duration and develop low or no cash values, then the Commissioner shall have the right to require higher cash values unless the insurer provides adequate justification that the cash values are appropriate in relation to the policy's other characteristics.

The administrative expense charges shall include charges per premium payment, charges per dollar of premium paid, periodic charges per thousand dollars of insurance, periodic per policy charges, and any other charges permitted by the policy to be imposed without regard to the policyowner's request for services.

The averaged administrative expense charges for any year shall be those which would have been imposed in that year if the charge rate or rates for each transaction or period within the year had been equal to the arithmetic average of the corresponding charge rates which the policy states will be imposed in policy years two through twenty in determining the policy value.

The initial acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in the first policy year over the averaged administrative expense charges for that year. Additional acquisition expense charges shall be the excess of the expense charges, other than service charges, actually made in an insurance-increase year over the averaged administrative expense charges for that year. An insurance-increased year shall be the year beginning on the date of increase in the amount of insurance by policyowner request (or by the terms of the policy).

Service charges shall include charges permitted by the policy to be imposed as the result of a policyowner's request for a service by the insurer (such as the furnishing of future benefit illustrations) or of special transactions.

The initial expense allowance shall be the allowance provided by (items (ii), (iii), and (iv) of section five) or by (items (ii) and (iii) of section five-c(1)), as applicable, of (the Standard Nonforfeiture Law for Life Insurance, as amended in 1980) for a fixed premium, fixed benefit endowment policy with a face amount equal to the initial face amount of the flexible premium universal life insurance policy, with level premiums paid annually until the highest attained age at which a premium may be paid under the flexible premium universal life insurance policy, and maturing on the latest maturity date permitted under the policy, if any, otherwise at the highest age in the valuation mortality table, The unused initial expense allowance shall be the excess, if any, of the initial expense allowance over the initial acquisition expense charges as defined above.

If the amount of insurance is subsequently increased upon request of the policyowner (or by the terms of the policy), an additional expense allowance and an unused additional expense allowance shall be determined on a basis consistent with the above and with (Section five-c(5) of the Standard Nonforfeiture Law for Life Insurance as amended in 1980), using the face amount and the latest maturity date permitted at that time under the policy.

The unamortized unused initial expense allowance during the policy year beginning on the policy anniversary at age  $x+t$  (where  $x$  is the issue age) shall be the unused initial expense allowance multiplied by  $\frac{a_{x+t}}{a_x}$  where  $a_{x+t}$  and  $a_x$  are present values of an annuity of one per year payable on policy anniversaries beginning at ages  $x+t$  and  $x$ , respectively, and continuing until the highest attained age at which a premium may be paid under the policy, both on the mortality and interest bases guaranteed in the policy. An unamortized unused additional expense allowance shall be the unused additional expense allowance multiplied by a similar ratio of annuities, with  $a_x$  replaced by an annuity beginning on the date as of which the additional expense allowance was determined.

## B. Minimum Cash Surrender Values for Fixed Premium Universal Life Insurance Policies.

1. For fixed premium universal life insurance policies, the minimum cash surrender values shall be determined separately for the basic policy and any benefits and riders for which premiums are paid separately. The following requirements pertain to a basic policy and any benefits and riders for which premiums are not paid separately.

The minimum cash surrender value (before adjustment for indebtedness and dividend credits) available on a date as of which interest is credited to the policy shall be equal to ((A)-(B)-(C)-(D)), where:

(A) is the present value of all future guaranteed benefits.

(B) is the present value of future adjusted premiums. The adjusted premiums are calculated as described in [sections 5 and 5-a or in paragraph (1) of section 5-c], as applicable, of [the Standard Nonforfeiture Law for Life Insurance, as amended in 1980]. If section 5-c, paragraph (1) is applicable, the non-forfeiture net level premium is equal to the quantity  $\frac{PVFB}{a_x}$ , where PVFB is the present value of all benefits guaranteed at issue assuming future premiums are paid by the policy owner and all guarantees contained in the policy or declared by the insurer.

$a_x$  is the present value of an annuity of one per year payable on policy anniversaries beginning at age x and continuing until the highest attained age at which a premium may be paid under the policy.

(C) is the present value of any quantities analogous to the non-forfeiture net level premium which arise because of guarantees declared by the insurer after the issue date of the policy.  $a_x$  shall be replaced by an annuity beginning on the date as of which the declaration became effective and payable until the end of the period covered by the declaration.

(D) is the sum of any quantities analogous to (B) which arise because of structural changes in the policy.

Future guaranteed benefits are determined by (1) projecting the policy value, taking into account future premiums, if any, and using all guarantees of interest, mortality, expense deductions, etc., contained in the policy or declared by the insurer; and (2) taking into account any benefits guaranteed in the policy or by declaration which do not depend on the policy value.

All present values shall be determined using (i) an interest rate (or rates) specified by [the Standard Non-forfeiture Law for Life Insurance, as amended in 1980] for policies issued in the same year and (ii) the mortality rates specified by [the Standard Non-forfeiture Law for Life Insurance, as amended in 1980] for policies issued in the same year or contained in such other table as may be approved by the Commissioner for this purpose.

C. Minimum Paid-Up Nonforfeiture Benefits.

1. If a universal life insurance policy provides for the optional election of paid-up nonforfeiture benefit, it shall be such that its present value shall be at least equal to the cash surrender value provided for by the policy on the effective date of the election. The present value shall be based on mortality and interest standards at least as favorable to the policy owner as (1) in the case of a flexible premium universal life insurance policy, the mortality and interest standards permitted for paid-up nonforfeiture benefits by [the Standard Nonforfeiture Law for Life Insurance, as amended in 1980]. In lieu of the paid-up nonforfeiture benefit, the insurer may substitute, upon proper request not later than sixty days after the due date of the premium in default, an actuarially equivalent alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits, or, if applicable, a greater amount or earlier payment of endowment benefits.

Source: Miss. Code Ann. § 83-7-25 (Rev. 2011)

**Rule 9.07:** Mandatory Policy Provisions

The policy shall provide the following:

- A. Periodic Disclosure to Policyowner.



The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep such policy owner advised as to the status of the policy. The end of the current report period must be not more than three months previous to the date of the mailing of the report. Specific requirements of this report are detailed in Section 9.

charge,  
owner advised  
period must be  
mailing of the  
Section 9.

#### B. Illustrative Reports.

The policy shall provide for an illustrative report which will be sent to the policy owner upon request. Minimum requirements of such report are the same as those set forth in Section 8. The insurer may charge the policy owner a reasonable fee for providing the report.

#### C. Policy Guarantees.

The policy shall provide guarantees of minimum interest credits and maximum mortality and expense charges. All values and data shown in the policy shall be based on guarantees. No figures based on non-guarantees shall be included in the policy.

#### D. Calculation of Cash Surrender Values.

The policy shall contain at least a general description of the calculation of cash surrender values including the following information:

1. The guaranteed maximum expense charges and loads.
2. Any limitations on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than twenty-four (24) months.
3. The guaranteed minimum rate or rates of interest.
4. The guaranteed maximum mortality charges.

5. Any other guaranteed charges.
6. Any surrender or partial withdrawal charges.

E. Changes in Basic Coverage.

If the policy owner has the right to change the basic coverage, any limitation on the amount or timing of such change shall be stated in the policy. If the policy owner has the right to increase the basic coverage, the policy shall state whether a new period of contestability and/or suicide is applicable to the additional coverage.

F. Grace Period and Lapse.

The policy shall provide for written notice to be sent to the policy owner's last known address at least thirty days prior to termination of coverage.

A flexible premium policy shall provide for a grace period of at least thirty days after lapse. Unless otherwise defined in the policy, lapse shall occur on that date on which the net cash surrender value first equals zero.

G. Misstatement of Age or Sex.

If there is a misstatement of age or sex in the policy, the amount of the death benefit shall be that which would be purchased by the most recent mortality charge at the correct age or sex. The Commissioner may approve other methods which are deemed satisfactory and not in conflict with Section 83-7-15, Mississippi Code of 1972.

H. Maturity Date.

If a policy provides for a "maturity date," "end date," or similar date, then the policy shall also contain a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner, if such is the case.

## **Rule 9.08: Disclosure Requirements**

A. In connection with any advertising, solicitation, negotiation, or procurement of a universal life insurance policy:

1. Any statement of policy cost factors or benefits shall contain:

a. The corresponding guaranteed policy cost factors or benefits, clearly identified.

b. A statement explaining the nonguaranteed nature of any current interest rates, charges, or other fees applied to the policy, including the insurer's rights to alter any of these factors.

c. Any limitations on the crediting of interest, including identification of those portions of the policy to which a specified interest rate shall be credited.

(Note: Policy cost factors are those amounts which affect the price per thousand of life insurance coverage of other benefits. They include: interest, mortality, expense charges and fees, including any surrender or withdrawal charges, but not persistency assumptions.)

2. Any illustration of the policy value shall be accompanied by the corresponding net cash surrender value.

3. Any statement regarding the crediting of a specific current interest rate shall also contain the frequency and timing by which such rate is determined.

4. If any statement refers to the policy being interest-indexed, the index shall be described. In addition, a description shall be given of the frequency and timing of determining the interest rate and of any adjustments made to the index in arriving at the interest rate credited under the policy.

5. Any illustrated benefits based upon nonguaranteed interest, mortality, or expense factors shall be accompanied by a statement indicating that these benefits are not guaranteed.

6. If the guaranteed cost factors or initial policy cost factor assumptions would result in policy values becoming exhausted prior to the policy's maturity date, such fact shall be disclosed, including notice that coverage will terminate under such circumstances.

Source: Miss. Code Ann. §§83-5-1; 83-7-25 (Rev. 2011)

**Rule 9.09:** Periodic Disclosure to Policy owner

A. Requirements.

The policy shall provide that the policy owner will be sent, without charge, at least annually, a report which will serve to keep such policy owner advised of the status of the policy. The end of the current report period shall be not more than three months previous to the date of the mailing of the report.

Such report shall include the following:

1. The beginning and end of the current report period.
2. The policy value at the end of the previous report period and at the end of the current report period.
3. The total amounts which have been credited or debited to the policy value during the current report period, identifying each by type (e.g., interest, mortality, expense and riders).
4. The current death benefit at the end of the current report period on each life covered by the policy.
5. The net cash surrender value of the policy as of the end of the current report period.
6. The amount of outstanding loans, if any, as of the end of the current report period.
7. For fixed premium policies:

If, assuming guaranteed interest, mortality and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report.

8. For flexible premium policies:

If, assuming guaranteed interest, mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report.

Source: Miss. Code Ann. §§ 83-5-1; 83-7-25 (Rev. 2011)

**Rule 9.10:** Interest-Indexed Universal Life Insurance Policies

A. Initial Filing Requirements.

The following information shall be submitted in connection with any filing of interest-indexed universal life insurance policies ("interest-indexed policies"). All such information received shall be treated confidentially to the extent permitted by law.

1. A description of how the interest credits are determined, including:
  - a. a description of the index.
  - b. the relationship between the value of the index and the actual interest rate to be credited.
  - c. the frequency and timing of determining the interest rate.
  - d. the allocation of interest credits, if more than one rate of interest applies to different portions of the policy value.
2. The insurer's investment policy, which includes a description of the following:
  - a. how the insurer addressed the reinvestment risks.
  - b. how the insurer plans to address the risk of capital loss on cash outflows

- c. how the insurer plans to address the risk that appropriate investments may not be available or not available in sufficient quantities.
  - d. how the insurer plans to address the risk that the indexed interest rate may fall below the minimum contractual interest rate guaranteed in the policy.
  - e. the amount and type of assets currently held for interest-indexed policies.
  - f. the amount and type of assets expected to be acquired in the future.
3. If policies are linked to an index for a specified period less than to the maturity date of the policy, a description of the method used (or currently contemplated) to determine interest credits upon the expiration of such period.
  4. A description of any interest guarantee in addition to or in lieu of the index.
  5. A description of any maximum premium limitations and the conditions under which they apply.

**B. Additional Filing Requirements.**

1. Annually, every insurer shall submit a Statement of Actuarial Opinion by the insurer’s actuary similar to the example contained in subsection C of this Section.
2. Annually, every insurer shall submit a description of the amount and type of assets currently held by the insurer with respect to its interest-indexed policies.
3. Prior to implementation, every domestic insurer shall submit a description of any material change in the insurer’s investment strategy or method of determining the interest credits. A change is considered to be material if it would affect the form or definition of the index (i.e., any change in the information supplied in Section 1 above) or if it would significantly change the amount or type of assets held for interest-indexed policies.

**C. Statement of Actuarial Opinion for Interest-Indexed Universal Life Insurance Policies.**

I, \_\_\_\_\_, am \_\_\_\_\_  
 (name) (position or relationship to Insurer)

\_\_\_\_\_ for the XYZ Life Insurance Company in the state of  
 (The insurer)

---

(State of Domicile of Insurer)

I am a member of the American Academy of Actuaries (or if not, state other qualifications to sign annual statement actuarial opinions).

I have examined the interest-indexed universal life insurance policies of the Insurer in force as of December 31, 19\_\_, encompassing \_\_\_\_\_ number of policies and \$\_\_\_\_\_ of insurance in force.

I have considered the provisions of the policies. I have considered any reinsurance agreements pertaining to such policies, the characteristics of the identified assets and the investment policy adopted by the Insurer as they affect future insurance and investment cash flows under such tests and calculations as I considered necessary to form an opinion concerning the insurance and investment cash flows arising from the policies and related assets.

I relied on the investment policy of the Insurer and on projected investment cash flows as provided by \_\_\_\_\_, Chief Investment Officer of the Insurer.

The tests were conducted under various assumptions as to future interest rates, and particular attention was given to those provisions and characteristics that might cause future insurance and investment cash flows to vary with changes in the level of prevailing interest rates.

In my opinion, the anticipated insurance and investment cash flows referred to above make good and sufficient provision for the contractual obligations of the Insurer under these insurance policies.

---

Signature of Actuary

Source: *Miss. Code Ann.* §§ 83-5-1; 83-7-23 (Rev. 2011)

**Rule 9.11: Separability**

If any provision of this rule or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of such provision to other persons or circumstances shall not be affected thereby.

Source: *Miss. Code Ann.* § 83-5-1(Rev. 2011)

**Rule 9.12: Effective Date**

This regulation shall become effective thirty (30) days after its adoption and filing with the Mississippi Secretary of State's Office, as required by law.

PROMULGATED AND ADOPTED, this the 13th day of August, 1984.

Source: Miss. Code Ann. § 25-43-3.113 (Rev. 2011)