

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1879

H. P. 1576

House of Representatives, May 12, 1975

Reported by Mrs. Boudreau from the Committee on Business Legislation and printed under Joint Rules No. 18.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT Relating to Reserve Valuation Standards for Life Insurance and Annuity Contracts and Nonforfeiture Benefits of Life Insurance Policies.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 24-A MRSA § 953, sub-§ 1, 2nd ¶, first sentence, as enacted by PL 1969, c. 132, § 1, is repealed and the following enacted in place thereof:

Except as otherwise provided in subsection 3, the legal minimum standard of value for such life insurance policies issued on or after the first day of September, 1931, by any life insurer chartered by this State, shall be the American Experience Table of Mortality with interest at $3\frac{1}{2}\%$ per year.

Sec. 2. 24-A MRSA § 953, sub-§ 2, 2nd ¶, as enacted by PL 1969, c. 132, § 1, is repealed and the following enacted in place thereof:

Except as otherwise provided in subsection 3, the minimum standard for the valuation of all such policies and contracts shall be the commissioners reserve valuation method defined in section 954, $3\frac{1}{2}\%$ interest, or in the case of policies and contracts, other than annuity and pure endowment contracts, issued on or after December 31, 1975, 4% interest, and the following tables.

Sec. 3. 24-A MRSA § 953, sub-§ 3 is enacted to read:

3. The minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after the effective date of this subsection, as defined herein, and for all annuities and pure endowments purchased on or after such effective date under group annuity and pure endowment contracts, shall be the commissioners reserve valuation method defined in section 954 and the following tables and interest rates.

A. 1971 Individual Annuity Mortality Table. For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such contracts—the 1971 Individual Annuity Mortality Table, or any modification of this table approved by the superintendent, and 6% interest for single premium immediate annuity contracts, and 4% interest for all other individual annuity and pure endowment contracts.

B. 1971 Group Annuity Mortality Table. For all annuities and pure endowments purchased under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts—the 1971 Group Annuity Mortality Table, or any modification of this table approved by the superintendent, and 6% interest.

This subsection shall not apply to any insurer before January 1, 1979, unless such insurer shall have filed with the superintendent an election to comply with the provisions of this subsection after a specified date before January 1, 1979, provided that an insurer may elect different dates on which this subsection shall apply to individual and pure endowment contracts and to group annuity and pure endowment contracts. If an insurer makes no such election, this subsection shall apply to such insurer on January 1, 1979.

Sec. 4. 24-A MRSA § 2532, sub-§ 4, 2nd sentence, as enacted by PL 1969, c. 132, § 1, is amended to read:

All calculations shall be made on the basis of the rate of interest ~~not exceeding 3½% per year~~ specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits provided that such rate of interest shall not exceed 3½% per year except that a rate of interest not exceeding 4% per year may be used for policies issued on or after December 31, 1975.