

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE

ONE HUNDRED AND TENTH LEGISLATURE

SECOND SPECIAL SESSION

September 25, 1981

AND

THIRD SPECIAL SESSION

December 9, 1981

AND

SECOND REGULAR SESSION

January 6, 1982 to April 13, 1982

AND AT THE

FOURTH SPECIAL SESSION

April 28, 1982 to April 29, 1982

AND AT THE

FIFTH SPECIAL SESSION

May 13, 1982

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 164, SUBSECTION 6.

J.S. McCarthy Co.
Augusta, Maine
1981

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND AND THIRD SPECIAL SESSIONS

and

SECOND REGULAR SESSION

and

FOURTH AND FIFTH SPECIAL SESSIONS

of the

ONE HUNDRED AND TENTH LEGISLATURE

1981

CHAPTER 546

S.P. 751 - L.D. 1754

**AN ACT Concerning Annuity Agreements
with the University of Maine.**

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

Sec. 1. 24-A MRSA §2572, 2nd ¶, as enacted by PL 1977, c. 261, §2, is amended to read:

Subject to the annual fee provisions of this section, every certificate of authority issued or held under this chapter shall be for an indefinite term and, unless sooner revoked by the superintendent, shall terminate upon occurrence of any of the following:

Sec. 2. 24-A MRSA §2573, as enacted by PL 1977, c. 261, §2, is repealed and the following enacted in its place:

§2573. Reserve requirements

The superintendent shall, upon granting to the university a certificate of authority, require the university to establish and maintain a reserve fund adequate to meet the future payments under its outstanding annuity agreements and in any event, not less than an amount computed as follows.

For all gift annuity agreements issued on or after the effective date of this section, the commissioner's reserve valuation method, as defined in the Maine Insurance Code, section 954, and those tables and interest rates adopted to produce minimum standards for individual annuity contracts in this State as set out in section 953, subsection 3, paragraph A or its successor statute. Any amendments to that statute shall require application of modified standards to only those agreements issued on or after the effective date of these amendments. Credit shall be allowed in reduction of the amount of the reserve fund for reinsurance effected with any admitted life insurance company which possesses surplus funds as required under this Title subject to section 2577.

The fund shall be invested in the federally insured savings accounts of banks, Federal Government securities or bonds with a rating of AAA or better.

The superintendent may file a complaint in Administrative Court seeking the suspension or revocation of the university's certificate of authority for any failure on the part of the university to establish and maintain this reserve fund.

Sec. 3. 24-A MRSA §2574, as enacted by PL 1977, c. 261, §2, is repealed and the following enacted in its place:

§2574. Filing Copies of Annuity Agreements

The university as it executes agreements under this chapter, shall file with the superintendent, a copy of each agreement entered into between the university and any transferor.

Sec. 4. 24-A MRSA §2574-A is enacted to read:

§2574-A. Surplus Funds

Surplus shall be maintained at all times in an amount at least equal to the greater of:

1. Ten percent of the reserve defined in section 2573;
or

2. The lesser of:

A. The difference between:

(1) The reserve defined in section 2573; and

(2) An amount for each annuity agreement equal to the annual annuity benefit to the extent not reinsured pursuant to section 2573 multiplied by the difference between the attained age of the annuitant and 100; or

B. One hundred thousand dollars.

Sec. 5. 24-A MRSA §2575, sub-§4, as enacted by PL 1977, c. 261, §2, is amended to read:

4. Age of recipient. The age, in years, at or nearest the date of the agreement, of the person during whose life the annuity is to be paid; and

Sec. 6. 24-A MRSA §2575, sub-§5 is enacted to read:

5. The present value, as of the date of the agreement of the benefits thereby created. The present value shown shall not exceed by more than 15% the net single premium for

those benefits, determined in accordance with the minimum standard of valuation as prescribed in section 2573.

Sec. 7. 24-A MRSA §2576, as enacted by PL 1977, c. 261, §2, is repealed and the following enacted in its place:

§2576. Reinsurance

The university, if it holds a certificate of authority under this chapter, may reinsure its total liability under an annuity agreement, as defined in section 2575, with an admitted insurer for a single premium. In this event, the university may take credit for the reinsurance in reduction of the amount of the reserve fund it is required to maintain under section 2573 subject to the following condition.

A. The university shall enter into a written agreement with the annuitant and the reinsurer, stipulating in the agreement that if the university for any reason is unable to continue the making of annuity payments required by its annuity agreement, the annuitant shall receive payments directly from the reinsurer and the reinsurer shall be credited with all of the accounts between the university and the reinsurer. A copy of reinsurance contracts so effected shall be filed with the superintendent as executed.

Sec. 8. 24-A MRSA §2577, as enacted by PL 1977, c. 261, §2, is repealed and the following enacted in its place:

§2577. Examinations

The superintendent shall, as of July 1st of each year, value or cause to be valued, the reserve fund required under this chapter. He shall provide the university with a written report of such valuation not later than the following October 1st. The university shall provide, to the superintendent, not later than August 1st of each year, a listing of all annuity agreements in force and upon which payments are being made. The listing shall give the attained age of each annuitant, sex, amount of the annuity, the reserve method and interest assumption utilized in the reserve calculation and the details of any reinsurance effected if reinsurance credits are taken under this chapter.

Effective July 13, 1982.
