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Senate Bill 1433 (as introduced 11-14-00)
Sponsor: Senator Bill Bullard, Jr.
Committee: Financial Services

Date Completed: 11-27-00

CONTENT

The bill would amend Chapter 8 (Assets and Liabilities) of the Insurance Code to retain a requirement concerning the reserve valuation method for annuity and pure endowment contracts, without action by the Michigan Legislature to adopt Actuarial Guideline 35. Currently, according to the Commissioner's annuity reserve method for benefits under annuity or pure endowment contracts, excluding any disability and accidental death benefits in those contracts, reserves must be the greatest of the respective excesses of the present values, at the date of valuation, of the future guaranteed benefits, including guaranteed nonforfeiture benefits, provided for by those contracts at the end of each respective contract year, over the present value, at the date of valuation, of any future valuation considerations derived from future gross considerations, required by the terms of the contract, that become payable before the end of that respective contract year.

(Actuarial Guideline 35, developed by the National Association of Insurance Commissioners, interprets the standard for the valuation of reserves for equity indexed annuities, and applies to all equity indexed annuity contracts that are subject to the Commissioners Annuity Reserve Method.)

MCL 500.834

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on local or State government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.