

§2544. Minimum values

The minimum values as specified in sections 2545 to 2548 and section 2550 of any paid-up annuity, cash surrender or death benefits available under an annuity contract must be based upon minimum nonforfeiture amounts as defined in this section. [PL 2003, c. 307, §1 (AMD).]

1. The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments must be equal to an accumulation up to that time at a rate of interest as permitted under subsection 1-A of the net considerations, as hereinafter defined, paid prior to that time, decreased by the sum of:

- A. Any prior withdrawals from or partial surrenders of the contract accumulated at a rate of interest as permitted under subsection 1-A; [PL 2003, c. 307, §1 (AMD).]
- B. The amount of any indebtedness to the insurer on the contract, including interest due and accrued; [PL 2003, c. 307, §1 (AMD).]
- C. An annual contract charge of \$50, accumulated at a rate of interest as permitted under subsection 1-A; and [PL 2003, c. 307, §1 (NEW).]
- D. Any premium tax paid by the insurer for the contract, accumulated at a rate of interest as permitted under subsection 1-A. [PL 2003, c. 307, §1 (NEW).]

The net considerations for a given contract year used to define the minimum nonforfeiture amount must be an amount equal to 87 1/2% of the gross considerations credited to the contract during that contract year.

[PL 2003, c. 307, §1 (AMD).]

1-A. The rate of interest used in determining minimum nonforfeiture amounts must be determined in accordance with the following requirements and specified in any contract providing for recalculation of the rate of interest permitted under this subsection.

- A. The rate of interest must be an annual rate of interest determined as the lesser of 3% per annum and the 5-year Constant Maturity Treasury Rate reported by the Federal Reserve rounded to the nearest 1/20th of 1% as of a date, or average over a period, specified in the contract that is no later than 15 months prior to the contract issue date or the redetermination date decreased by 125 basis points as long as the resulting rate of interest is not less than 1%. [PL 2003, c. 307, §1 (NEW).]
- B. The rate of interest applies for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, must be stated in the contract. The basis is the date or average over a specified period that produces the value of the 5-year Constant Maturity Treasury Rate to be used at each redetermination date. [PL 2003, c. 307, §1 (NEW).]
- C. During the period or term that a contract provides substantive participation in an equity indexed benefit, the contract may increase the reduction described in paragraph A by up to an additional 100 basis points to reflect the value of the equity indexed benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction may not exceed the market value of the benefit. The superintendent may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit and may disallow or limit the reduction if such a demonstration is not accepted. [PL 2003, c. 307, §1 (NEW).]
- D. The superintendent may adopt rules to implement this subsection and to provide for further adjustments to the minimum nonforfeiture amounts for contracts providing for substantive participation in an equity indexed benefit and for contracts for which the superintendent determines adjustments are appropriate. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. [PL 2003, c. 307, §1 (NEW).]

[PL 2003, c. 307, §1 (NEW).]

2.

[PL 2003, c. 307, §1 (RP).]

3.

[PL 2003, c. 307, §1 (RP).]

4.

[PL 2003, c. 307, §1 (NEW); MRSA T. 24-A §2544, sub-§4 (RP).]

SECTION HISTORY

PL 1979, c. 442, §4 (NEW). PL 2003, c. 307, §1 (AMD).

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