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§5–304. IN EFFECT

(a) (1) Except as otherwise provided in §§ 5–305 and 5–306 of this subtitle, the minimum standard for the valuation of life insurance policies, annuity contracts, and pure endowment contracts is:

(i) the Commissioners reserve valuation methods specified in §§ 5–307, 5–308, and 5–311 of this subtitle;

(ii) the applicable tables in subsections (b) through (h) of this section; and

(iii) except as provided in paragraph (2) of this subsection, interest at 3.5% per year.

(2) For a policy or contract issued on or after July 1, 1978 other than an annuity contract or pure endowment contract, the interest rate is:

(i) 4% per year if the policy or contract was issued any time from July 1, 1978 to June 30, 1980, both inclusive; or

(ii) 4.5% per year if the policy or contract was issued on or after July 1, 1980.

(b) For an ordinary policy of life insurance issued on the standard basis, excluding any disability and accidental death benefits in the policy, the applicable table for the minimum standard for the valuation of the policy is:

(1) if the policy was issued before the operative date of § 16–308 of this article, the Commissioners 1941 Standard Ordinary Mortality Table;

(2) if the policy was issued on or after the operative date of § 16–308 of this article but before the operative date of § 16–309 of this article:

(i) the Commissioners 1958 Standard Ordinary Mortality Table; or

(ii) at the election of the insurer, the Commissioners 1958 Standard Ordinary Mortality Table, calculating all modified net premiums and present values referred to in this subtitle for any category of policies issued on female risks according to an age not more than 6 years younger than the actual age of the insured; and

(3) if the policy was issued on or after the operative date of § 16–309 of this article:

(i) the Commissioners 1980 Standard Ordinary Mortality Table or,

at the election of the insurer for any one or more specified plans of life insurance, the Commissioners 1980 Standard Ordinary Mortality Table with Ten–Year Select Mortality Factors; or

(ii) any ordinary mortality table, adopted after 1980 by the National Association of Insurance Commissioners and approved by a regulation of the Commissioner for use in determining the minimum standard of valuation for the policy.

(c) For an industrial life insurance policy issued on the standard basis, excluding any disability and accidental death benefits in the policy, the applicable table for the minimum standard for the valuation of the policy is:

(1) if the policy was issued before the operative date of § 16–308(d) of this article, the 1941 Standard Industrial Mortality Table; and

(2) if the policy was issued on or after the operative date of § 16–308(d) of this article:

(i) the Commissioners 1961 Standard Industrial Mortality Table; or

(ii) any industrial mortality table, adopted after 1980 by the National Association of Insurance Commissioners and approved by regulation of the Commissioner for use in determining the minimum standard of valuation for the policy.

(d) For an individual annuity contract or pure endowment contract, excluding any disability and accidental death benefits in the contract, the applicable table for the minimum standard for the valuation of the contract is, at the option of the insurer:

(1) the 1937 Standard Annuity Mortality Table;

(2) the Annuity Mortality Table for 1949, Ultimate; or

(3) a modification of a table specified by item (1) or (2) of this subsection approved by the Commissioner.

(e) For a group annuity contract or pure endowment contract, excluding any disability and accidental death benefits in the contract, the applicable table for the minimum standard for the valuation of the contract is:

(1) the Group Annuity Mortality Table for 1951;

(2) a modification of the Group Annuity Mortality Table for 1951 approved by the Commissioner; or

(3) at the option of the insurer, any of the tables or modifications of tables specified by subsection (d) of this section for individual annuity contracts and pure

endowment contracts.

(f) (1) For total and permanent disability benefits in or supplementary to an ordinary policy or contract, the applicable table for the minimum standard for the valuation of the policy or contract is:

(i) if the policy or contract was issued on or before December 31, 1960, the Class (3) Disability Table (1926);

(ii) if the policy or contract was issued any time from January 1, 1961 to December 31, 1965, both inclusive:

1. the tables specified by item (i) of this paragraph; or

2. at the option of the insurer, the Class (3) Disability Table (1926); and

(iii) if the policy or contract was issued on or after January 1, 1966:

1. the tables of Period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries, with due regard to the type of benefit; or

2. any tables of disablement rates and termination rates adopted after 1980 by the National Association of Insurance Commissioners and approved by regulation of the Commissioner for use in determining the minimum standard of valuation for the policy or contract.

(2) For active lives, the table used under this subsection shall be combined with a mortality table allowed for calculating the reserves for life insurance policies.

(g) (1) For accidental death benefits in or supplementary to a policy, the applicable table for the minimum standard for the valuation of the policy is:

(i) if the policy was issued on or before December 31, 1960, the Intercompany Double Indemnity Mortality Table;

(ii) if the policy was issued any time from January 1, 1961 to December 31, 1965, both inclusive:

1. a table specified by item (i) of this paragraph; or

2. at the option of the insurer, the Intercompany Double Indemnity Mortality Table; and

(iii) if the policy was issued on or after January 1, 1966:

1. the 1959 Accidental Death Benefits Table; or

2. an accidental death benefits table adopted after 1980 by the National Association of Insurance Commissioners and approved by regulation of the Commissioner for use in determining the minimum standard of valuation for the policy.

(2) The table used under this subsection shall be combined with a mortality table allowed for calculating the reserves for life insurance policies.

(h) For group life insurance, life insurance issued on the substandard basis, long–term home health care and long–term care in a nursing home or other related institution, or any other special benefit, the applicable table for the minimum standard for the valuation of the policy or benefit is any table approved by the Commissioner for use in determining the minimum standard of valuation of the policy.

5–304. ** CONTINGENCY – NOT IN EFFECT – CHAPTER 367 OF 2015 **

(a) (1) Except as otherwise provided in §§ 5–305 and 5–306 of this subtitle, the minimum standard for the valuation of life insurance policies, annuity contracts, and pure endowment contracts is:

(i) the Commissioners reserve valuation methods specified in §§ 5–307, 5–308, and 5–311 of this subtitle;

(ii) the applicable tables in subsections (b) through (h) of this section; and

(iii) except as provided in paragraph (2) of this subsection, interest at 3.5% per year.

(2) For a policy or contract issued on or after July 1, 1978 other than an annuity contract or pure endowment contract, the interest rate is:

(i) 4% per year if the policy or contract was issued any time from July 1, 1978 to June 30, 1980, both inclusive; or

(ii) 4.5% per year if the policy or contract was issued on or after July 1, 1980.

(b) For an ordinary policy of life insurance issued on the standard basis, excluding any disability and accidental death benefits in the policy, the applicable table for the minimum standard for the valuation of the policy is:

(1) if the policy was issued before the operative date of § 16–308 of this article, the Commissioners 1941 Standard Ordinary Mortality Table;

(2) if the policy was issued on or after the operative date of § 16–308 of this article but before the operative date of § 16–309 of this article:

(i) the Commissioners 1958 Standard Ordinary Mortality Table; or

(ii) at the election of the insurer, the Commissioners 1958 Standard Ordinary Mortality Table, calculating all modified net premiums and present values referred to in this subtitle for any category of policies issued on female risks according to an age not more than 6 years younger than the actual age of the insured; and

(3) if the policy was issued on or after the operative date of § 16–309 of this article:

(i) the Commissioners 1980 Standard Ordinary Mortality Table or, at the election of the insurer for any one or more specified plans of life insurance, the Commissioners 1980 Standard Ordinary Mortality Table with Ten–Year Select Mortality Factors; or

(ii) any ordinary mortality table, adopted after 1980 by NAIC and approved by a regulation of the Commissioner for use in determining the minimum standard of valuation for the policy.

(c) For an industrial life insurance policy issued on the standard basis, excluding any disability and accidental death benefits in the policy, the applicable table for the minimum standard for the valuation of the policy is:

(1) if the policy was issued before the operative date of § 16–308(d) of this article, the 1941 Standard Industrial Mortality Table; and

(2) if the policy was issued on or after the operative date of § 16–308(d) of this article:

(i) the Commissioners 1961 Standard Industrial Mortality Table; or

(ii) any industrial mortality table, adopted after 1980 by NAIC and approved by regulation of the Commissioner for use in determining the minimum standard of valuation for the policy.

(d) For an individual annuity contract or pure endowment contract, excluding any disability and accidental death benefits in the contract, the applicable table for the minimum standard for the valuation of the contract is, at the option of the insurer:

(1) the 1937 Standard Annuity Mortality Table;

(2) the Annuity Mortality Table for 1949, Ultimate; or

(3) a modification of a table specified by item (1) or (2) of this subsection approved by the Commissioner.

(e) For a group annuity contract or pure endowment contract, excluding any disability and accidental death benefits in the contract, the applicable table for the minimum standard for the valuation of the contract is:

(1) the Group Annuity Mortality Table for 1951;

(2) a modification of the Group Annuity Mortality Table for 1951 approved by the Commissioner; or

(3) at the option of the insurer, any of the tables or modifications of tables specified by subsection (d) of this section for individual annuity contracts and pure endowment contracts.

(f) (1) For total and permanent disability benefits in or supplementary to an ordinary policy or contract, the applicable table for the minimum standard for the valuation of the policy or contract is:

(i) if the policy or contract was issued on or before December 31, 1960, the Class (3) Disability Table (1926);

(ii) if the policy or contract was issued any time from January 1, 1961 to December 31, 1965, both inclusive:

1. the tables specified by item (i) of this paragraph; or

2. at the option of the insurer, the Class (3) Disability Table (1926); and

(iii) if the policy or contract was issued on or after January 1, 1966:

1. the tables of Period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries, with due regard to the type of benefit; or

2. any tables of disablement rates and termination rates adopted after 1980 by NAIC and approved by regulation of the Commissioner for use in determining the minimum standard of valuation for the policy or contract.

(2) For active lives, the table used under this subsection shall be combined with a mortality table allowed for calculating the reserves for life insurance policies.

(g) (1) For accidental death benefits in or supplementary to a policy, the applicable table for the minimum standard for the valuation of the policy is:

(i) if the policy was issued on or before December 31, 1960, the Intercompany Double Indemnity Mortality Table;

(ii) if the policy was issued any time from January 1, 1961 to December 31, 1965, both inclusive:

1. a table specified by item (i) of this paragraph; or

2. at the option of the insurer, the Intercompany Double

Indemnity Mortality Table; and

(iii) if the policy was issued on or after January 1, 1966:

1. the 1959 Accidental Death Benefits Table; or

2. an accidental death benefits table adopted after 1980 by NAIC and approved by regulation of the Commissioner for use in determining the minimum standard of valuation for the policy.

(2) The table used under this subsection shall be combined with a mortality table allowed for calculating the reserves for life insurance policies.

(h) For group life insurance, life insurance issued on the substandard basis, long–term home health care and long–term care in a nursing home or other related institution, or any other special benefit, the applicable table for the minimum standard for the valuation of the policy or benefit is any table approved by the Commissioner for use in determining the minimum standard of valuation of the policy.

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