

SECTION .0400 – COMMISSIONER'S RESERVE VALUATION METHOD

11 NCAC 11F .0401 APPLICABILITY

(a) This Section does not apply to:

- (1) Any individual life insurance policy issued on or after January 1, 2000, if the policy is issued in accordance with and as a result of the exercise of a reentry provision contained in the original life insurance policy of the same or greater face amount, issued before January 1, 2000, that guarantees the premium rates of the new policy; nor to subsequent policies issued as a result of the exercise of such a provision, or a derivation of the provision, in the new policy;
- (2) Any universal life policy that meets all the following requirements:
 - (A) The secondary guarantee period, if any, is five years or less.
 - (B) The specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the CSO valuation tables as defined in 11 NCAC 11F .0402(6) and the applicable valuation interest rate.
 - (C) The initial surrender charge is not less than 100% of the first year annualized specified premium for the secondary guarantee period.
- (3) Any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts;
- (4) Any variable universal life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts; and
- (5) A group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

(b) Calculation of the minimum valuation standard for policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits (other than universal life policies), or both, shall be in accordance with 11 NCAC 11F .0404.

(c) Calculation of the minimum valuation standard for flexible premium and fixed premium universal life insurance policies that contain provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period shall be in accordance with 11 NCAC 11F .0405.

*History Note: Authority G.S. 58-2-40; 58-58-50(d); 58-58-50(k);
Eff. January 1, 1998;
Temporary Amendment Eff. January 1, 2000;
Amended Eff. July 1, 2000;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 20, 2015.*