

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 83(3)(e)
Annotated Code of Maryland
(1979 Replacement Volume and 1980 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 48A - Insurance Code

83.

(3) This subsection shall apply to only those policies and contracts issued on or after the operative date of § 414 (the Standard Nonforfeiture Law), except as otherwise provided in paragraph (a-2) of this subsection for group annuity and pure endowment contracts issued prior to the operative date.

(e) If in any contract year the gross premium charged by any insurer on any policy or contract is less than the valuation net premium for the policy or contract calculated by the method used in calculating the reserve on [it but using] THE POLICY OR CONTRACT USING EITHER the minimum valuation standards of mortality and rate of interest, OR, IN THE CASE OF FUTURE RENEWALS UNDER A RENEWABLE TERM INSURANCE POLICY, THE MODERN CSO MORTALITY TABLE PUBLISHED IN THE TRANSACTIONS OF THE SOCIETY OF ACTUARIES, VOL. XXVII (1975), the minimum reserve required for the policy or contract shall be the greater of either (1) the reserve calculated according to the mortality table, rate of interest, and method actually used for the policy or contract, or (2) the reserve calculated by the method actually used for the policy or contract but using the minimum standards of mortality and rate of interest PRESCRIBED IN THIS SECTION and replacing the valuation net premium by the actual gross premium in each contract year for which the valuation net premium exceeds the actual gross premium. If the gross premium rates for the policy or contract are not based consistently on a suitable accepted or credible mortality basis or table, the Commissioner may require additional reserves in accordance with Section 77(3)(iv) of this Article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1981.

Approved May 19, 1981.
