Internal Revenue Code, as amended.

Reserves according to the Commissioners Annuity Reserve Method for benefits under annuity or pure endowment contracts, excluding any disability and accidental death benefits in these contracts, shall 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 these 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 prior to the end of the respective contract year. The future guaranteed benefits shall be determined by using the mortality table, if any, and the interest rate, or rates, specified in these contracts for determining guaranteed benefits. The valuation considerations are the portions of the respective gross considerations applied under the terms of these contracts to determine nonforfeiture values.

(c) An insurer's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, may not be less than the aggregate reserves calculated in accordance with the methods set forth in paragraphs (b-1), (b-2), [and] (e), AND (F) and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for such policies.

(d) Reserves for any category of policies, contracts or benefits as established by the Commissioner, may be calculated, at the option of the insurer, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used for policies and contracts, other than annuity and pure endowment contracts, may not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein.

(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 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