5–306. SAME — COMPUTATION OF MINIMUM STANDARD BY CALENDAR YEAR OF ISSUE.

(A) DEFINITIONS.

(1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "CHANGE IN FUND BASIS" MEANS A VALUATION BASIS UNDER WHICH THE INTEREST RATE USED TO DETERMINE THE MINIMUM VALUATION STANDARD APPLICABLE TO EACH CHANGE IN A FUND HELD UNDER AN ANNUITY OR UNDER A GUARANTEED INTEREST CONTRACT IS THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR THE YEAR OF THE CHANGE IN THE FUND.

(3) "GUARANTEE DURATION" MEANS:

(I) FOR LIFE INSURANCE, THE MAXIMUM NUMBER OF YEARS THE LIFE INSURANCE CAN REMAIN IN FORCE ON A BASIS GUARANTEED IN THE POLICY OR UNDER OPTIONS TO CONVERT TO PLANS OF LIFE INSURANCE WITH PREMIUM RATES, NONFORFEITURE VALUES, OR BOTH, THAT ARE GUARANTEED IN THE ORIGINAL POLICY; AND

(II) FOR AN ANNUITY OR FOR A GUARANTEED INTEREST CONTRACT:

1. IF THE ANNUITY OR THE GUARANTEED INTEREST CONTRACT HAS A CASH SETTLEMENT OPTION, THE NUMBER OF YEARS FOR WHICH THE CONTRACT GUARANTEES INTEREST RATES IN EXCESS OF THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR LIFE INSURANCE POLICIES WITH GUARANTEE DURATION IN EXCESS OF 20 YEARS; AND

2. IF THE ANNUITY OR THE GUARANTEED INTEREST CONTRACT DOES NOT HAVE A CASH SETTLEMENT OPTION, THE NUMBER OF YEARS FROM THE DATE OF ISSUE OR DATE OF PURCHASE TO THE DATE ANNUITY BENEFITS ARE SCHEDULED TO COMMENCE.

(4) "ISSUE YEAR BASIS" MEANS A VALUATION BASIS UNDER WHICH THE INTEREST RATE USED TO DETERMINE THE MINIMUM VALUATION STANDARD FOR THE ENTIRE DURATION OF THE ANNUITY OR OF THE GUARANTEED INTEREST CONTRACT IS THE CALENDAR YEAR STATUTORY VALUATION INTEREST RATE FOR THE YEAR OF ISSUE OR YEAR OF PURCHASE OF THE ANNUITY OR GUARANTEED INTEREST CONTRACT.

(B) SCOPE OF SECTION.

THIS SECTION APPLIES TO:

(1) ALL LIFE INSURANCE POLICIES ISSUED ON OR AFTER THE OPERATIVE DATE OF § 15–309 OF THIS ARTICLE;

(2) ALL INDIVIDUAL ANNUITY CONTRACTS AND PURE ENDOWMENT CONTRACTS ISSUED ON OR AFTER JANUARY 1, 1983;